

**BEFESA**

# Business Update 2022

BofA SMID Cap Conference 2022

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Electric arc furnace steel dust (EAFD) recycling plant at Asúa-Erandio, Spain

# 01 / Business update

# ✓ 9M record EBITDA; ✓ AZR acquisition; ✓ MDAX; ✓ China: 1<sup>st</sup> Plant in commercial operations, 2<sup>nd</sup> construction completed

## €136.8m

**9M'21 adjusted EBITDA**  
62% up yoy (9M'20: €84.5m),  
24% margin (vs. 19% in 9M'20)  
17% or €20m up vs. 9M'19

**€42.7m Q3'21 adjusted EBITDA**  
46% up yoy (Q3'20: €29.3m),  
22% margin (vs. 20% in Q3'20)

**Plant utilisation continued at solid pre-pandemic levels**

## €73.9m

**9M'21 Operating cash flow**  
€36.2m up yoy (9M'20: €37.8m)

**€200.7m of cash on hand**, post-dividend and acquisition funding;  
€4.0m up vs. Q2'21 at €196.6m

**Leverage x2.33 LTM Q3'21**, improved from x3.10 at YE'20 and x3.31 Q3'20

## FY'21 guidance

- **FY adjusted EBITDA** of around €195m, up +54% yoy
- **Revised upwards** (previous: €165-190m) to reflect record YTD earnings and c. 4 months of acquired US operations

## US

**Acquired 100% of AZR's recycling assets**

- Transaction **closed on 17 August 2021**; Consolidating six weeks in Q3'21 financials; Operations **delivering as expected**
- **Renamed** to Befesa Zinc US and **CEO/President appointed**
- **Driving progress** on integration and related **synergies**

## China

**Expansion on target**

- **Jiangsu:** In commercial production and selling WOX; Completed on budget; Contracted volume >80% capacity for 2022
- **Henan:** Completed construction Dec'21; Started cold commissioning; Expecting ramp up H1'22 and commercial output H2'22

## ESG

**Circular economy & strong ESG credentials**

- Defining **2030 & 2050 ESG roadmap**
- Integrated **Annual Report** in **March** and **Sustainability Report** in **April '22**

## Hedging

- **Non-US** hedge book fully extended to Oct'24, c. **3 years**;  
**US (AZR)** to Apr'24, c. **2.5 years**
- Providing increased earnings and cash flow visibility

## MDAX

- **IPO in 2017**
- **SDAX in 2018**
- **MDAX entry 20 Sept 2021**

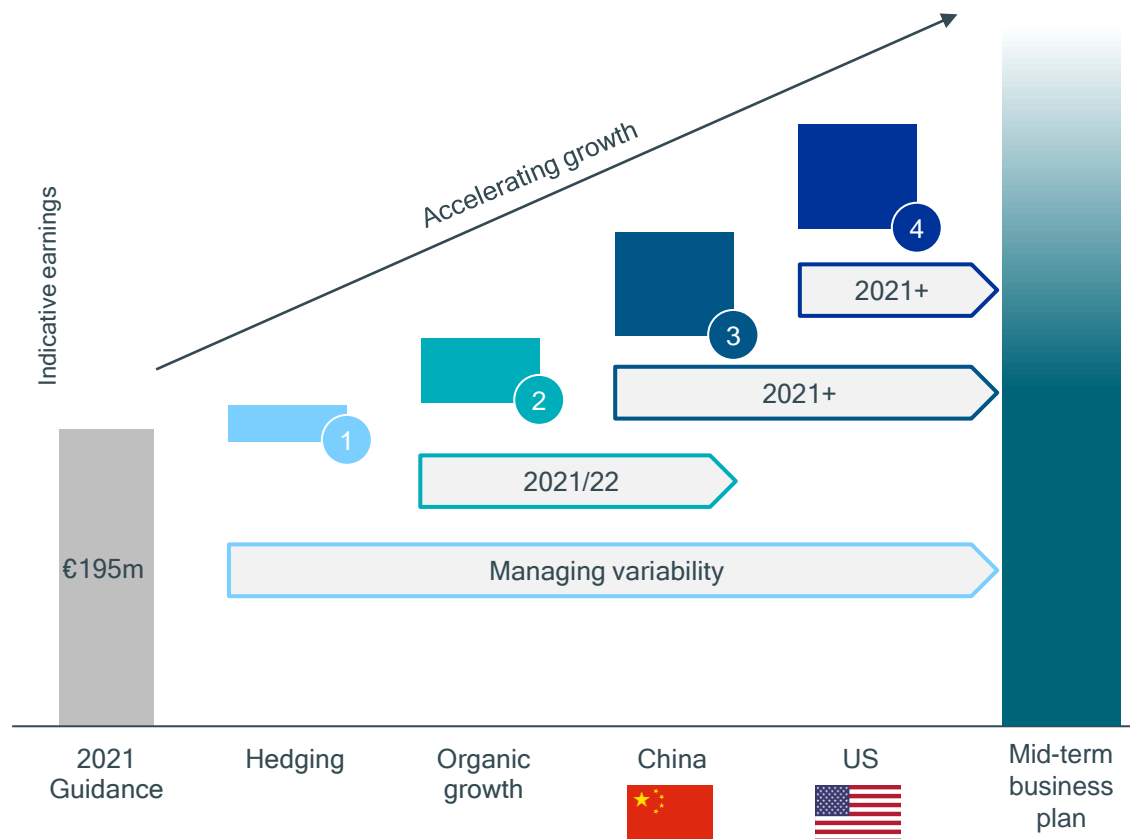
## Credit ratings

**Unchanged** from June 2021:

- **S&P:** 'BB+', outlook stable'
- **Moody's:** 'Ba2, outlook stable'

# Mid-term growth roadmap

Executing well defined growth roadmap even during COVID-19 pandemic;  
In commercial operations at 1<sup>st</sup> China plant (Jiangsu) and completed construction of 2<sup>nd</sup> plant (Henan);  
Driving progress on the integration of AZR and related synergies



## 1 HEDGING

- Non-US hedge book fully extended to Oct '24, c. 3 years;  
US (AZR) up to Apr'24, c. 2.5 years
- Providing increased earnings and cash flow visibility

## 2 ORGANIC GROWTH

Top 5 projects:

- Steel Dust:
  - ✓ Turkey expansion: Completed
  - ✓ Korea washing: Completed
- Aluminium Salt Slags:
  - ✓ 2 tilting furnaces (Spain): Completed

## 3 CHINA EXPANSION

First two EAFD recycling plants in provinces of Jiangsu and Henan

## 4 US / AZR ACQUISITION

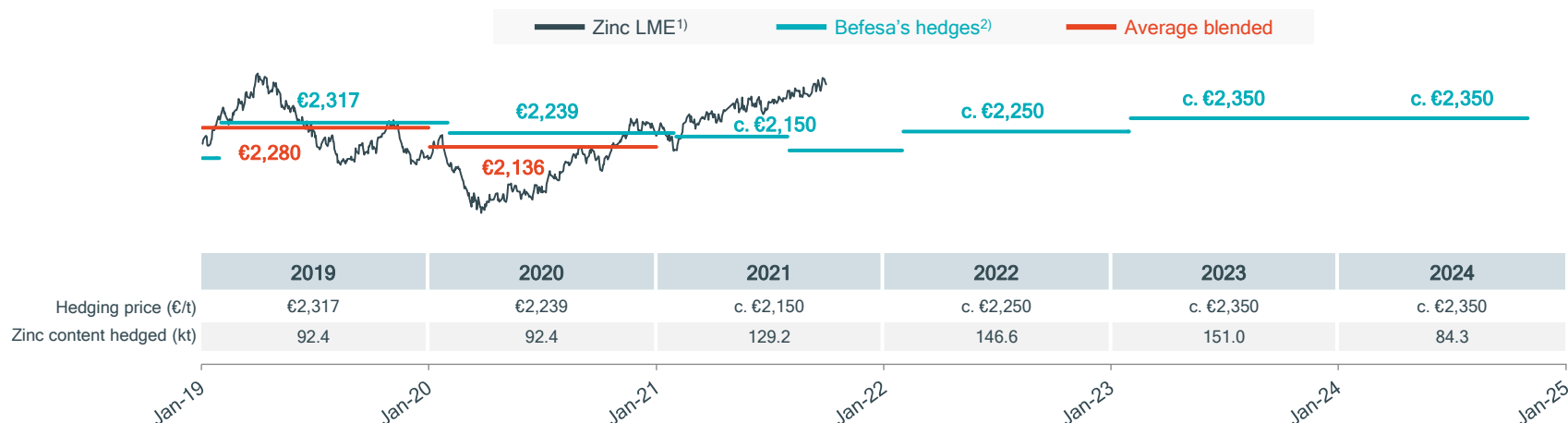
Integrating four EAFD recycling plants acquired from AZR and realising near- and mid- term synergies

Note: Chart is illustrative and size of respective arrows in the chart is not indicative to the underlying growth potential

# Zinc prices & hedging strategy

Non-US operations fully hedged up to & incl. Oct'24, c. 3 years; US operations hedged up to & incl. Apr'24, c. 2.5 years;  
Improving earnings & cash flows visibility

## Zinc LME price vs. Befesa's hedging prices (€/t)



## Zinc hedges & blended average prices (€/t)

	9M 2020	9M 2021
Unhedged	34% or 36kt @ €1,905/t LME	29% or 32kt @ €2,414/t LME
Hedged	66% or 69kt @ €2,232/t	71% or 78kt @ €2,170/t
<b>Blended<sup>3)</sup></b>	<b>€2,089/t</b>	<b>€2,241/t</b>

**+€152/t / +7% yoy**

### Hedging strategy unchanged:

- Zinc Europe & Korea operations fully hedged up to & incl. Oct'24, c. **3 years**  
US operations hedged up to & incl. Apr'24, c. **2.5 years**
- Targeting **60% to 75%** of zinc equivalent volume
- Befesa providing **no collateral**

1) London Metal Exchange (LME) zinc daily cash settlement prices

2) Includes BZ US (former AZR) hedge book for the following periods: 18 Aug'21 to Jan'22: 36.8kt zinc hedged at c. \$2,500 (c. €2,140 at FX 1.17); Feb'22-Jan'23: 54.2kt zinc hedged at c. \$2,765 (c. €2,365 at FX 1.17); Feb'23-Jan'24: 58.6kt zinc hedged at c. \$2,900 (c. €2,450 at FX 1.18); Feb'24-Apr'24: 15.0kt zinc hedged at c. \$2,975 (or c. €2,490 at FX 1.19); FX \$/€ forwards as of 27 Oct'21, source: [cmegroup.com](http://cmegroup.com)

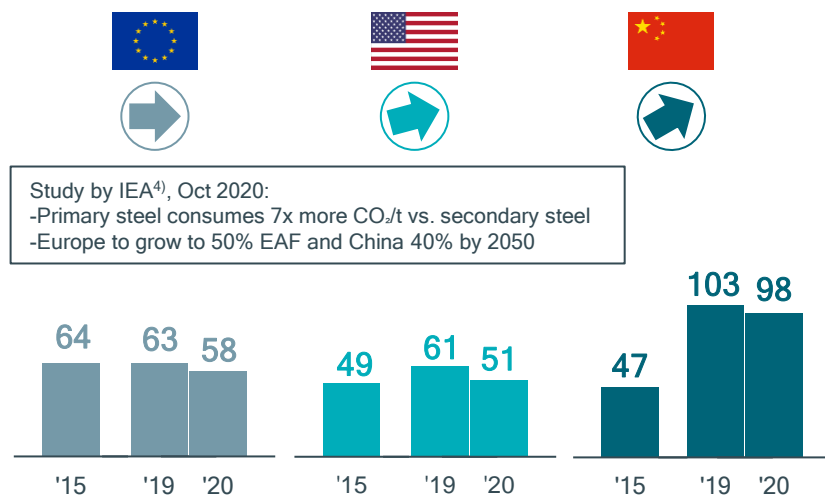
3) Zinc blended prices are averages computed based on the monthly effective LME zinc and hedging prices weighted with the respective hedged and non-hedged volumes



# EAF steel production -&- Befesa's steel portfolio growth & diversification

China is the largest and growing EAF steel producer worldwide;  
Befesa growing and diversifying its portfolio to capture China and US addressable markets

## EAF steel production: EU-27 / US / China, million tonnes



Study by IEA<sup>4</sup>, Oct 2020:

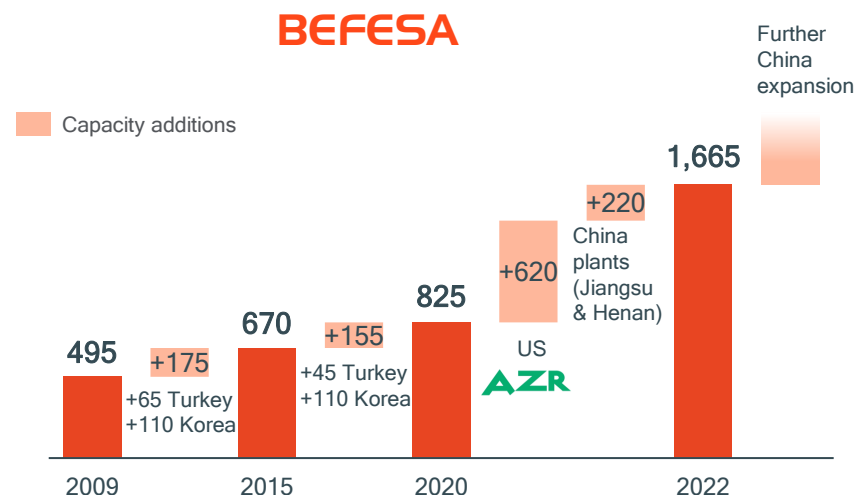
- Primary steel consumes 7x more CO<sub>2</sub>/t vs. secondary steel
- Europe to grow to 50% EAF and China 40% by 2050

## EAF % of total steel production:



- **China EAFD addressable market > 1.5 million tonnes<sup>1)</sup>**  
vs. c. 1.0-1.3 million tonnes<sup>1)</sup> in EU-27 and US each;  
**Expected to grow in share and tonnage**

## Befesa's EAFD recycling capacity trend, kt



## EAFD recycling capacity by region, %:

Region <sup>2)</sup>	2009	2015	2020	2022
Europe <sup>2)</sup>	100%	74%	60%	30%
Asia <sup>3)</sup>	-	26%	40%	33%
US	-	-	-	37%

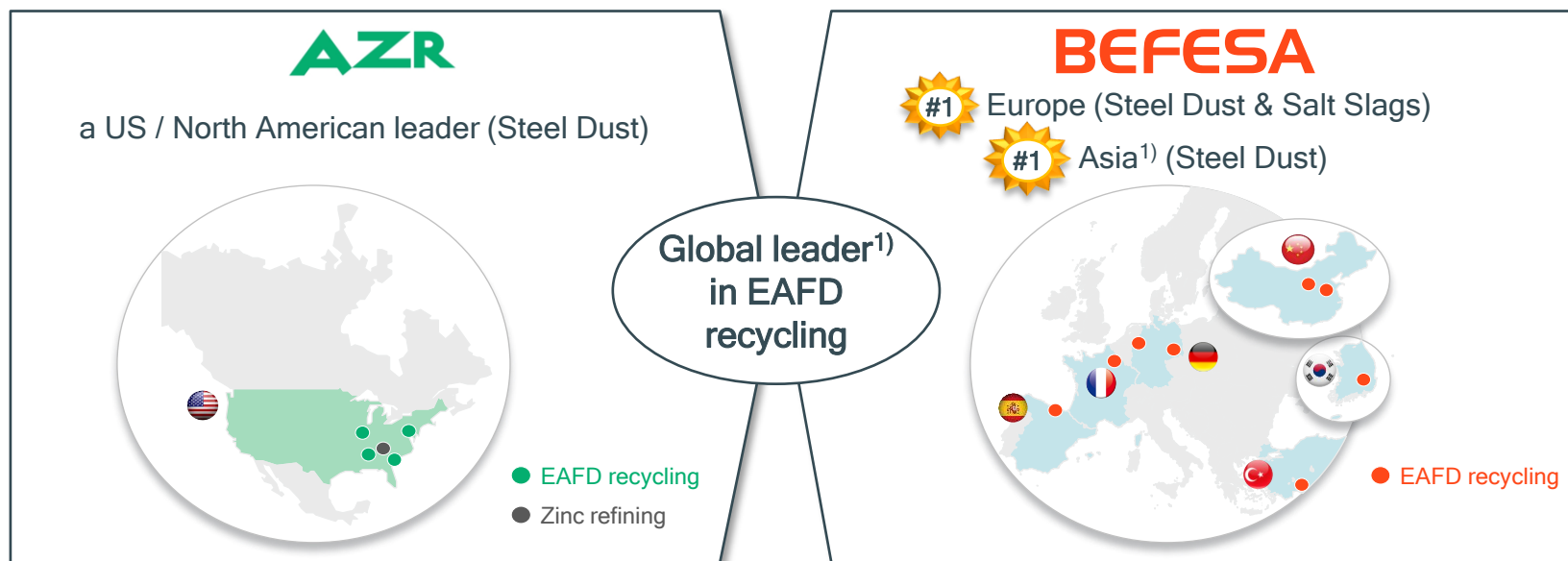
- Befesa Steel portfolio growing @ c. 6% CAGR (around twice GDP) while diversifying to a well-balanced Europe / Asia / US footprint

Sources: Worldsteel; Company data; IEA

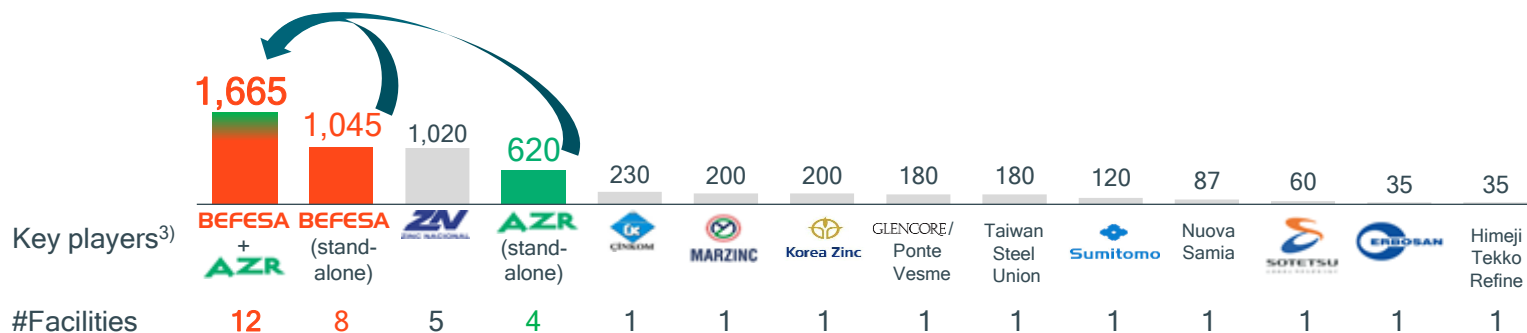
1) Assuming 15kg to 20kg EAFD generated per tonne of EAF crude steel output; 2) Europe defined as EU-27; 3) Asia includes Turkey, South Korea and China

4) "Iron and Steel Technology Roadmap" study by IEA, October 2020

# Befesa closed AZR acquisition on 17 August; Operations delivering as expected



EAFD annual installed recycling capacity<sup>1)2)</sup>, kt



1) Source: Own estimate based on recycling capacity; 2) Based on Company's public reports and presentations; 3) Using Waelz technology



# China I

Changzhou plant, Jiangsu province

## Key facts of the plant:

- 1<sup>st</sup> EAFD recycling plant in China
- Capacity to recycle 110kt EAFD p.a.
- Total investment: c. €42m
- Location: Changzhou (Jiangsu province)

## Status update:

- ✓ Long-term financing closed Jul'20
- ✓ Construction completed on budget
- ✓ In commercial production & selling WOX
- ✓ Contracted EAFD for >80% plant utilization in 2022



↑ Changzhou plant, in operations

↑ First commercial invoice

# China II

Xuchang plant, Henan province



## Key facts of the plant:

- 2<sup>nd</sup> EAFD recycling plant in China
- Capacity to recycle 110kt EAFD p.a.
- Total investment: c. €42m
- Location: Xuchang (Henan province)

## Status update:

- ✓ Long-term financing closed Dec'20
- ✓ Construction completed Dec'21 on budget
- Cold commissioning started; Hot commissioning next; Expecting ramp up H1'22 & commercial output H2'22



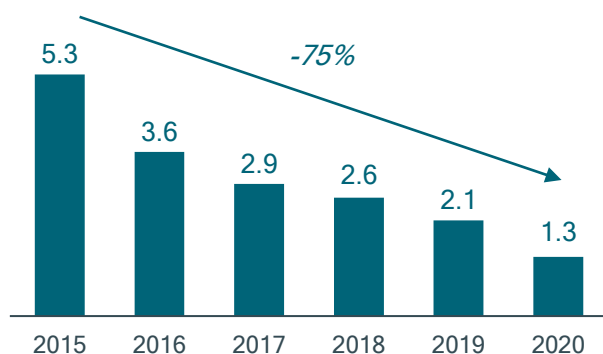
↑ Xuchang plant, construction completed - 27 December 2021

# Sustainability at Befesa

Key player within the **circular economy**, with c. 2 million tonnes recycled and c. 1.5 million tonnes of valuable materials recovered annually, that contributes significantly to increase efficiency of raw material use in the metals industry and promotes the transition towards a more **sustainable economy**

## Lost Time Injury Rate (LTIR)

- Excellence in health & safety is a priority for Befesa
- Aiming to reduce LTIR by at least 50% by 2024 vs. 2019



## ESG Ratings

ISS ESG

B  
Top 3 of 205  
Metals & mining

SUSTAINALYTICS

14.8  
#3 of 60  
Commercial services

V.E

#5 of 105  
Business services

MSCI

BBB  
Commercial services

## Global Challenges Index (GCX)

- Befesa selected on 18 Sept 2020
- GCX comprises a total of 50 shares selected according to strict criteria from a total of c. 6,000 companies worldwide



## Sustainability Reporting

- ✓ 2020 ESG Progress Update published 27 April 2021
- Defining 2030 & 2050 ESG roadmap including GHG emission reduction
- Integrated Annual Report '21 in March and Sustainability Report in April '22

# Befesa FY'21 EBITDA guidance & assumptions

FY'21 guidance range revised upwards to reflect records YTD earnings and c. 4 months of acquired Zinc US operations;  
Strong base metal prices offsetting higher inflation / energy cost trends

Adjusted EBITDA	around €195m (new record, up from previous €165-190m, incl. c. 4 months US operations)
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## Main assumptions:

1) Volume, Capacity utilisation	<ul style="list-style-type: none"> <li>• <b>Strong recovery</b> from COVID-19, back to pre-pandemic levels</li> <li>• <b>China I</b> (Jiangsu) ramping up &amp; delivering initial commercial output in Nov/Dec '21</li> <li>• Overall <b>capacity utilisation</b> at c. 85-95%</li> <li>• <b>US operations</b> since 17 Aug, contributing as expected</li> </ul>
2) Metal prices & inflation incl. energy	<ul style="list-style-type: none"> <li>• Metal market <b>prices continuing strong</b> at current price environment for Q4 - approx. offsetting - higher inflationary / energy cost trends</li> <li>• TC referenced at \$159/t</li> </ul>
3) Dividend	<p><b>€46.8m (€1.17 / share)</b> dividend distributed in July, equal to:</p> <ul style="list-style-type: none"> <li>• Distributing 98% of €47.6m net profit in FY'20</li> <li>• Distributing net profit at <b>upper-end of 50% on a two-year view</b>: Dividends distributed €71.7m equal to 55% of FY'19 &amp; '20 combined net profit of €130.3m</li> </ul>
Capex	<ul style="list-style-type: none"> <li>• <b>Continuing to fund China expansion</b></li> <li>• <b>Total capex of c. €80-100m incl. US Operations</b>: c. €50-60m growth (China), majority funded through China local loans; c. €30-40m regular maintenance / IT / compliance / operational excellence &amp; US operations</li> </ul>
Cash flow, cash position & net leverage	<ul style="list-style-type: none"> <li>• <b>Cash flow generation &gt;€50m</b></li> <li>• <b>Cash position &gt; €200m</b></li> <li>• <b>Net leverage c. x2.1</b> (back to 2018 level) incl. US acquisition</li> </ul>

Note: FY 2021 EBITDA guidance includes the adjustment for the non-recurring AZR acquisition-related costs

**BEFESA** acquired **AZR** AMERICAN  
ZINC RECYCLING  
creating a global leader  
in EAFD recycling

02 / Acquisition of AZR  
closed on 17 August 2021

# Transaction highlights

- On 16 June 2021, Befesa signed the **acquisition of 100% of American Zinc Recycling (AZR)'s recycling assets** for a **purchase price of \$450m / €372m** - implying an **attractive c. 6x post near-term synergies EBITDA acquisition multiple**, about **half of Befesa's current 2021E trading multiple** of c. 13x
  - **AZR is a US market leader<sup>1)</sup> in recycling electric arc furnace steel dust (EAFD)** with c. 620kt EAFD capacity; Similar to Europe, a **highly-regulated, mature market**; full-service model incl. **collection fees**
  - Through this acquisition, **Befesa becomes a global leader<sup>1)</sup> in EAFD recycling** with c. **1.7 million tons combined EAFD capacity**, and a **geographically diversified and balanced footprint** in Europe, Asia and the US across **12 facilities**
  - **Funded** through a mix of
    - **accelerated equity offering** (5.9m shares as per authorized capital), completed on 17 June, -and-
    - pre-approved **term loan B (TLB) add-on** (€100m), allocated and priced at par, **ensuring leverage neutral**
  - **Highly accretive** transaction for Befesa shareholders with **strong expected returns** achievable within first 3 years of combination:
    - **> €300m value creation**;
    - **Strong double-digit EPS accretion**;
    - **ROIC >> Befesa's WACC**
  - On 17 August 2021, **Befesa closed the transaction** as expected and on time
- 
- As part of this transaction, Befesa signed the acquisition of a minority 6.9% stake in a US **strategic zinc refining plant** for a purchase price of \$10m, and **secured an option** for the acquisition of the **remaining 93.1% stake upon fulfilment** of two-phased **operational and financial milestones** of the zinc refining plant

1) Source: Own estimate based on recycling capacity, including Befesa's first two EAFD recycling plants in China



# Acquired 100% of recycling assets upfront; incremental add-on option for new zinc refining plant (ramping up)

AZR is one of the largest EAFD recycler in North America<sup>1)</sup> with 4 plants with c. 620kt total capacity

Add-on option

## EAFD recycling assets

### 1 Barnwell, SC



### 2 Rockwood, TN



### 3 Calumet, IL



### 4 Palmerton, PA



X EAFD annual nameplate recycling capacity

X Special High-Grade Zinc (SHG) annual nameplate production capacity

## Zinc refining

new

### 5 Rutherford County, NC



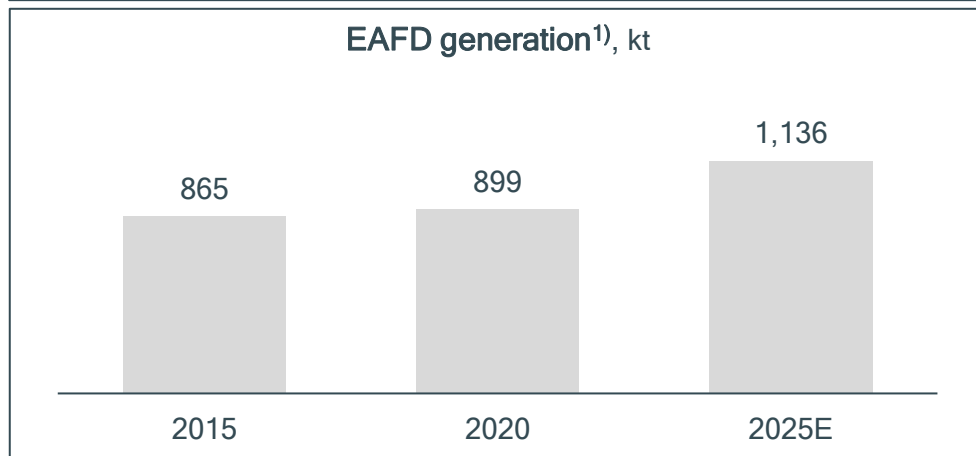
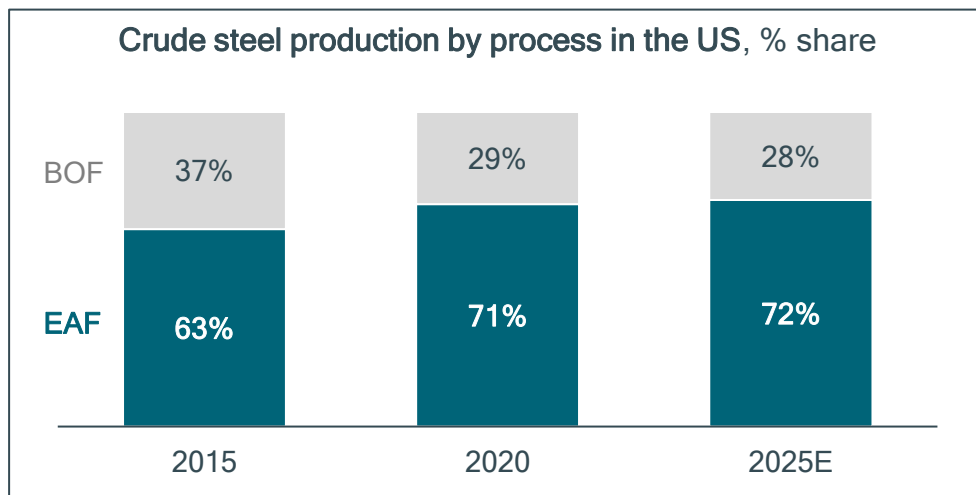
● EAF mini mills

AZR's EAFD recycling plants are centrally located close to the major US EAF steel mini mills

1) Source: Own estimate based on recycling capacity

# Decarbonisation driving further growth of EAF steel production in the US

EAF method expected to grow further to >70% share by 2025



Source: worldsteel; Citi Research; International Energy Agency (IEA); Own estimates

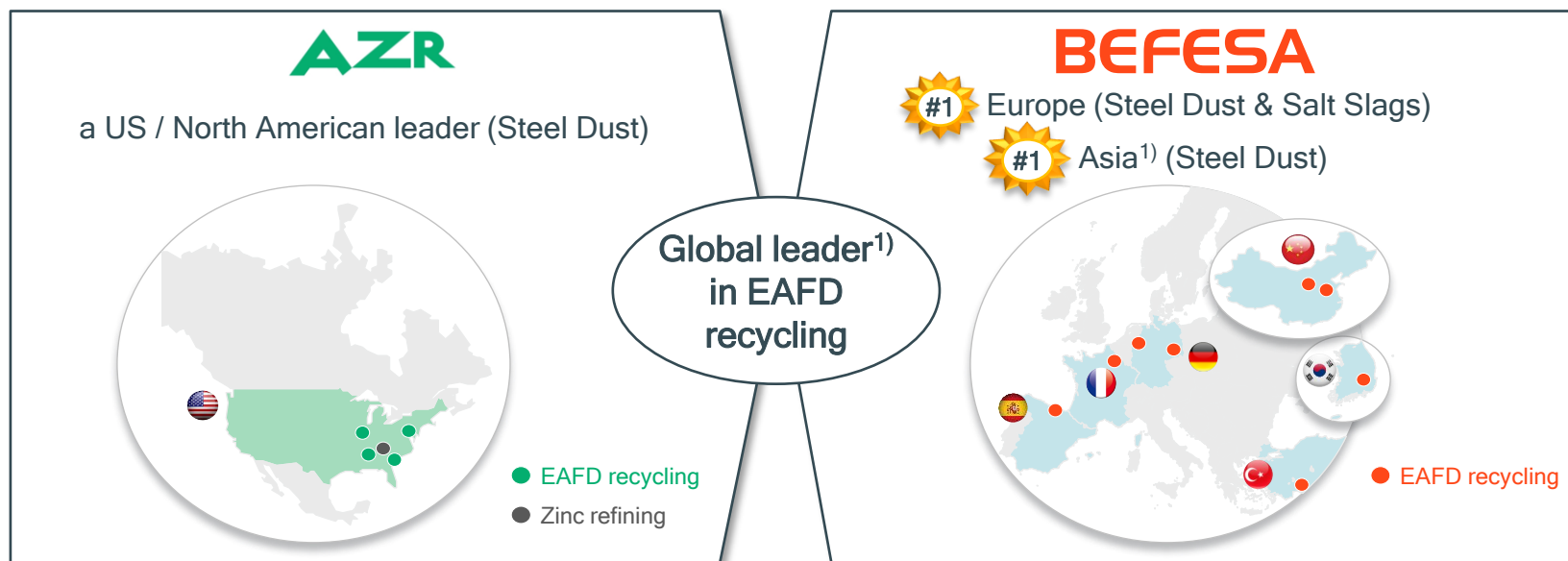
1) Estimate assuming c. 17.5 kg of EAFD generated per tonne of crude steel output

2) "Iron and Steel Technology Roadmap" study by IEA, October 2020

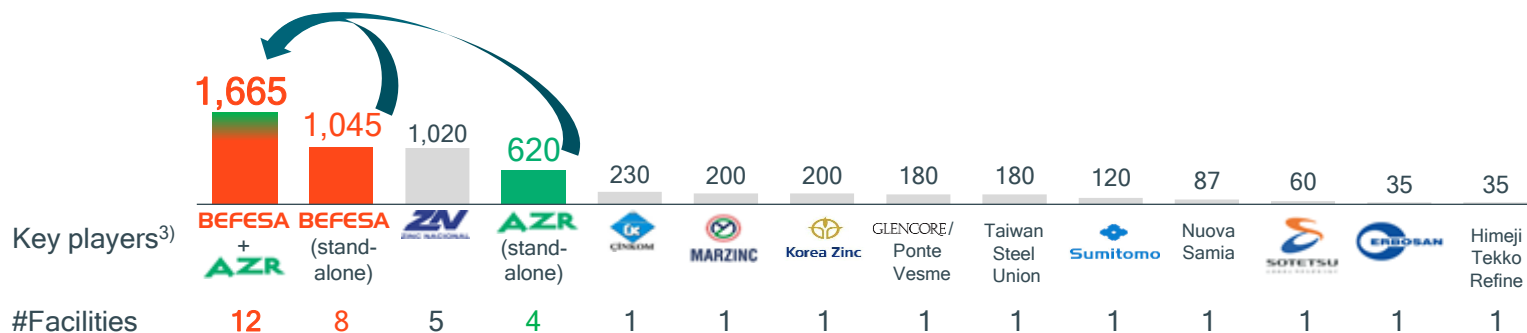
- US has one of the largest and growing markets of EAF steelmakers globally
- EAF is a prevailing steelmaking method in the US and is expected to continue to grow further > 70% share driven by decarbonisation trend
- Secondary steelmaking (EAF) consuming only 1/7 of CO<sub>2</sub>/ton of steel<sup>2)</sup> vs. primary steelmaking BOF (basic oxygen furnace)



# Befesa closed AZR acquisition on 17 August; Operations delivering as expected

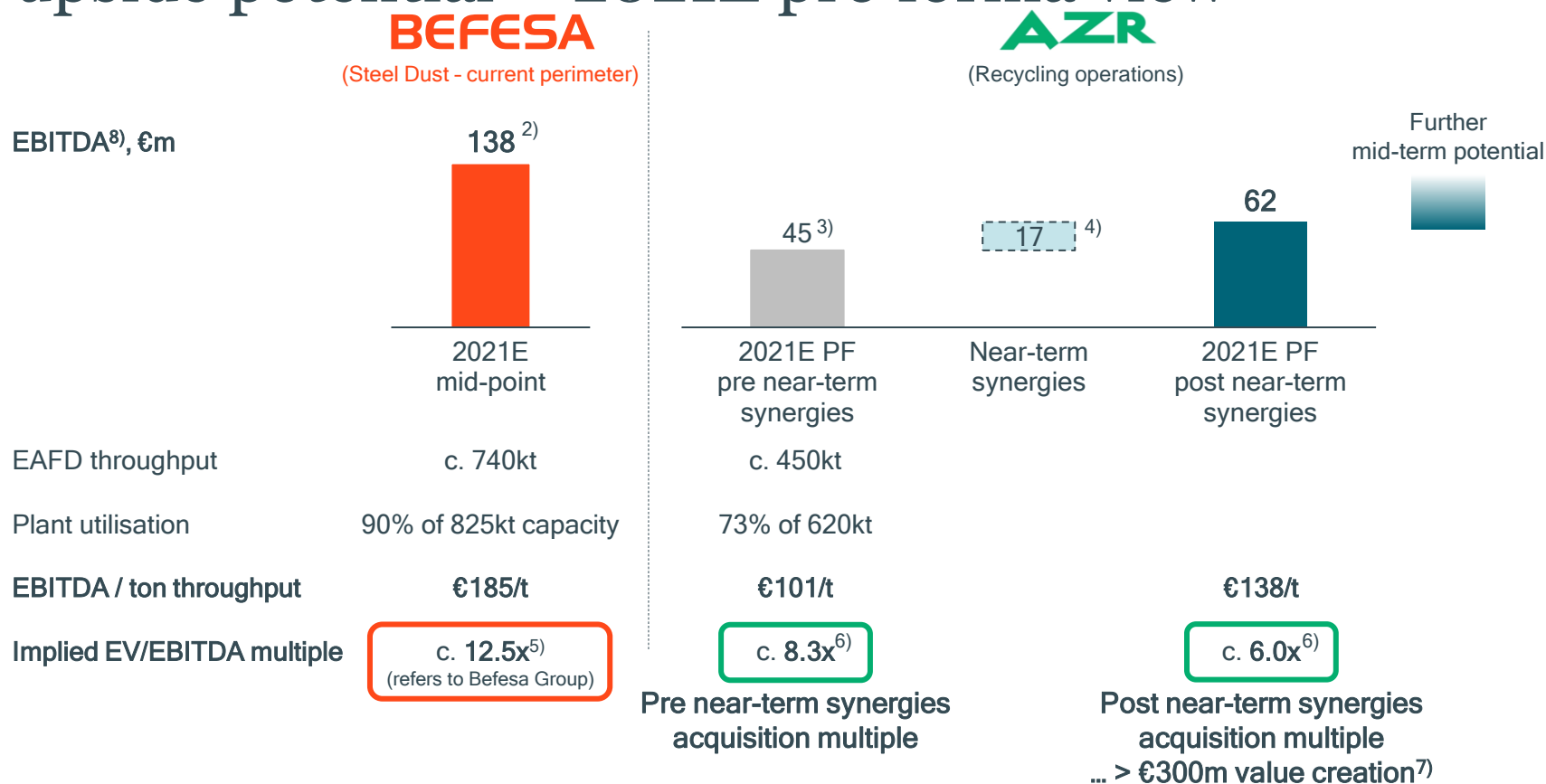


EAFD annual installed recycling capacity<sup>1)2)</sup>, kt



1) Source: Own estimate based on recycling capacity; 2) Based on Company's public reports and presentations; 3) Using Waelz technology

# Attractive acquisition multiple with additional upside potential – 2021E pro forma view<sup>1)</sup>



1) 2021E PF figures presented across this presentation are to illustrate the effects of the transaction as if AZR had been part of the Befesa group as of 1 January 2021 and assuming that all near-term synergies were achieved already in 2021. Thus, 2021E PF view does not represent an update of Befesa's FY'21 Guidance provided on 27 April '21

2) Befesa's Steel Dust business calculated as 78% (last-three-year average, 2018-2020) of total Befesa's EBITDA 2021E of €177.5m (mid-point of €165-190m guidance)

3) Includes €13m PF adjustment computed as difference between Befesa's vs. AZR's uncompetitive hedging prices for 2021 (Befesa: €2,150/t or \$2,580/t at FX 1.20; AZR: \$2,399/t or €1,999/t), x 83kt hedged by AZR

4) For illustrative purposes, PF assumes pre-tax near-term synergies of c. \$20m, or €17m at FX\$/€ 1.20 expected to be achieved within first three years of combination

5) Befesa's FV/EBITDA 2021E multiple of 12.5x calculated based on a share price of €58.45 (L10 day avg. as of 15 Jun'21) and €191m EBITDA (consensus average as of 15 Jun'21)

6) Based on a purchase price for AZR Recycling of \$450m, or €375m at FX\$/€ 1.20

7) Expected to be achieved within first three years of combination; 8) Both Befesa and AZR financials shown are based on IFRS

# Strong near- & mid- term synergy potential identified

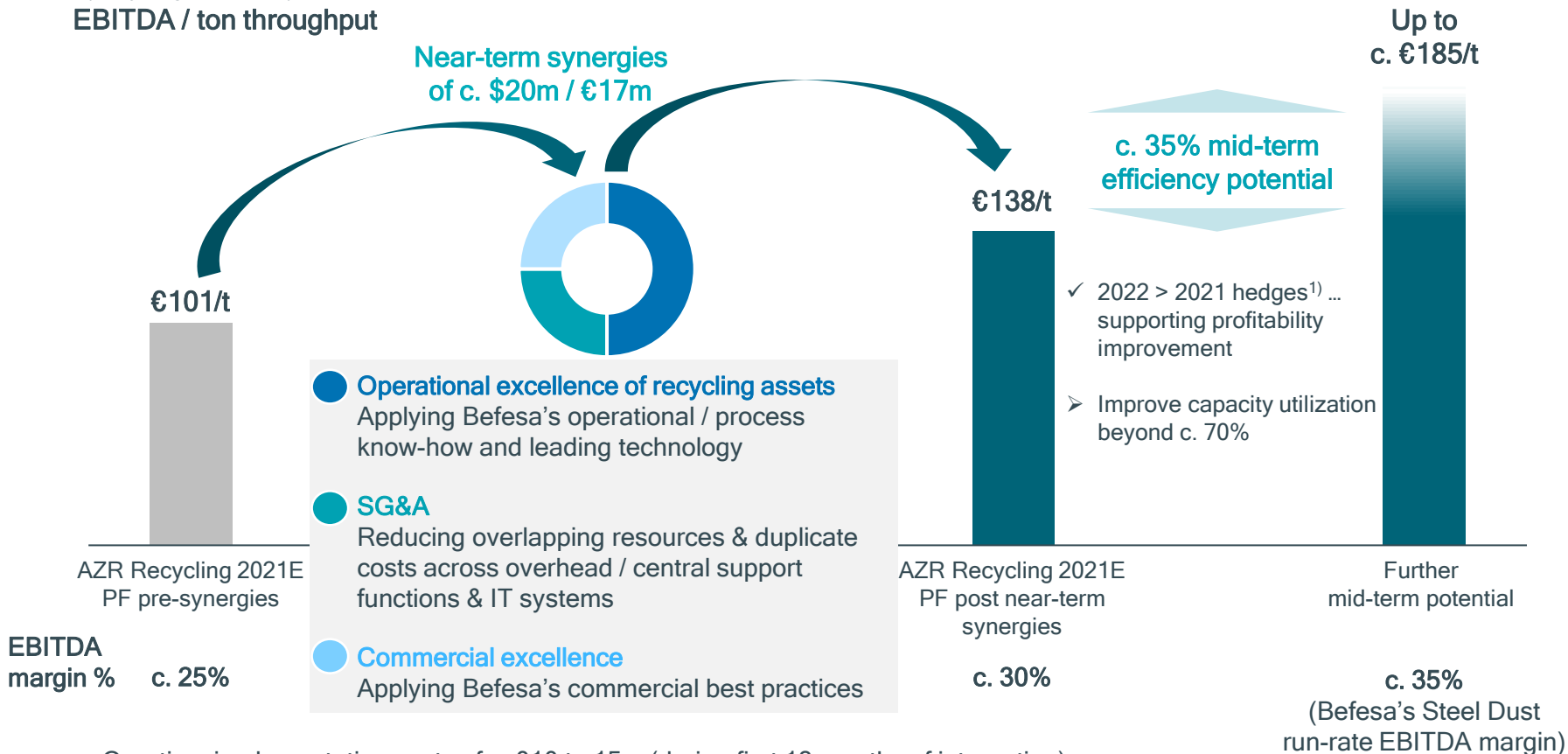
Total pre-tax near-term synergies of c. \$20/€17m expected within first three years of combination

**AZR**

(Recycling operations)

EBITDA / ton throughput

Near-term synergies  
of c. \$20m / €17m



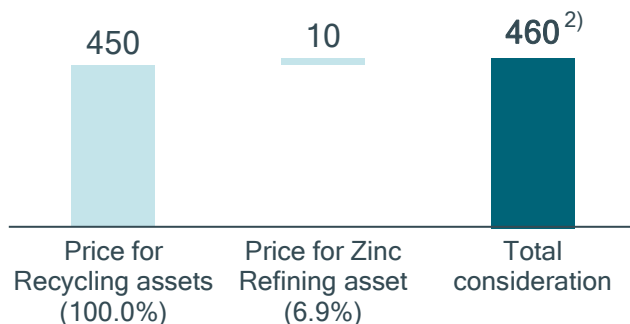
One-time implementation costs of c. €10 to 15m (during first 18 months of integration)  
applying Befesa's proven operational excellence rigor with on average < 2-year payback

1) AZR has hedged at \$2,767/t for 2022 vs. AZR 2021 Pro Forma hedges at c. €2,150/t (or \$2,580/t at FX \$/€ 1.20) • +\$187/t on c. 83kt hedged = c. \$15.5m / €12.9m

# Leverage-neutral transaction with expected strong double-digit EPS accretion<sup>1)</sup>

## Funding of transaction (at closing)

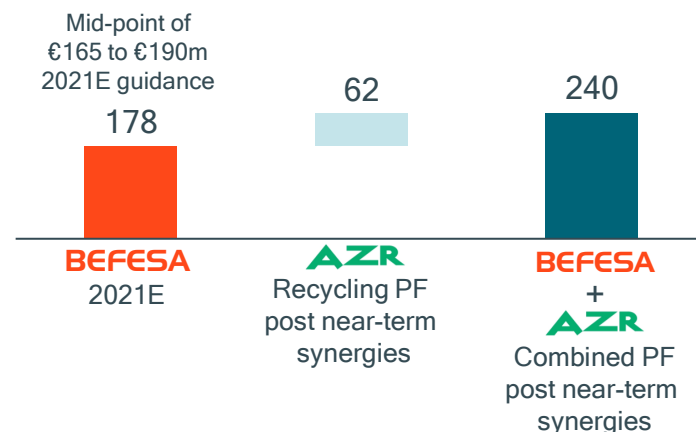
Total price, \$m



- **Funding** through a mix of
  - **accelerated equity offering** (5.9m shares as per authorised capital); and
  - €100m pre-approved **term loan B (TLB) add-on**
- Contingent FX hedging in place

## Financial profile - 2021E Combined Pro Forma<sup>3)</sup>

EBITDA, €m



**Targeting leverage-neutral  
acquisition funding**

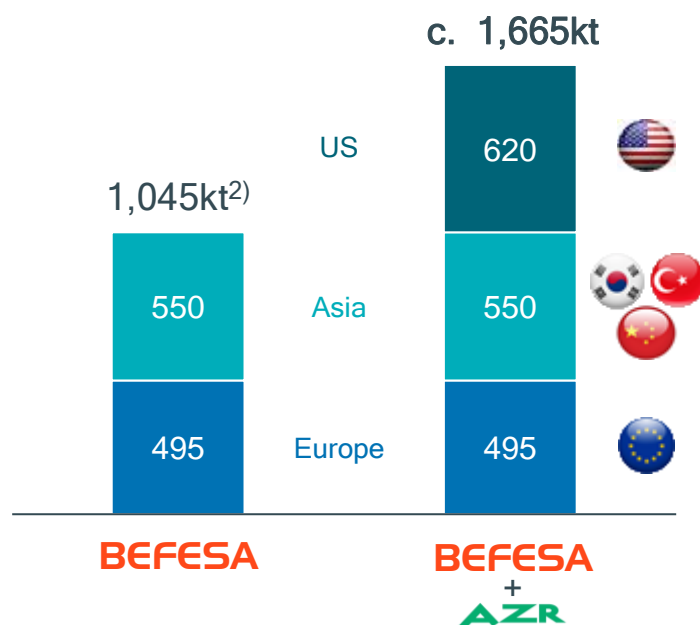
1) Expected to be achieved within first three years of combination

2) Excludes one-time transaction expenses

3) For illustrative purposes, Pro Forma includes AZR's new improved hedging program and near-term synergies

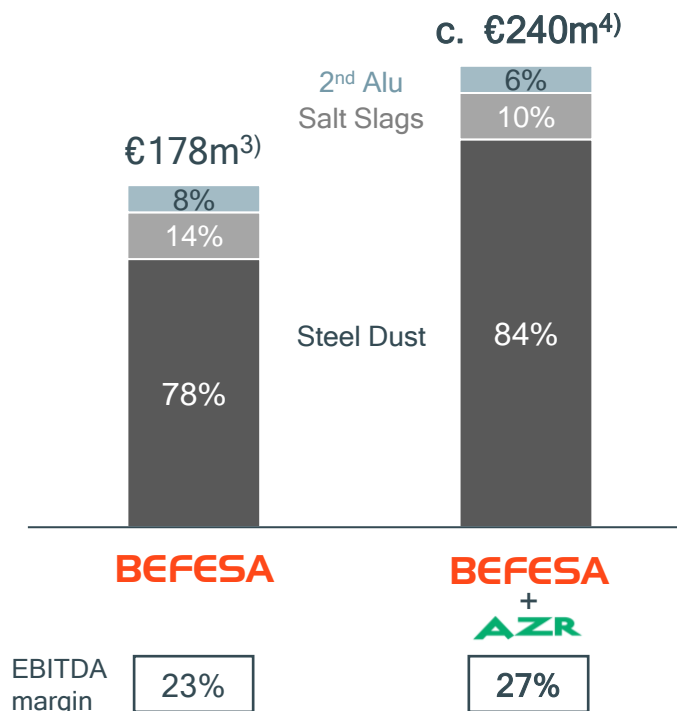
# Diversifying the highest margin business unit and further improving Befesa's overall profitability

## EAFD recycling capacity<sup>1)</sup>



Diversifying towards a globally well-balanced European / Asian / US footprint

## EBITDA by segment



Befesa's overall profitability improving by growing the highest margin Steel Dust business unit

1) Company's information

2) 1,045kt EAFD recycling capacity includes 220kt from the first two plants in China (Jiangsu & Henan provinces) scheduled to ramp up operations in 2021

3) €178m represents the mid-point of Befesa's FY 2021 guidance provided on 27 April 2021; Percentages are based on L3Y average financials

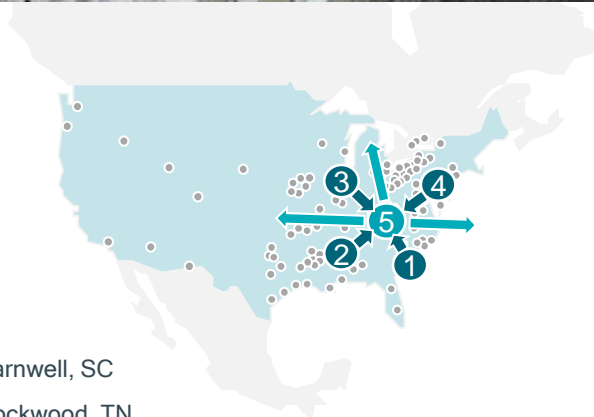
4) c. €240m represents the sum of a) Befesa standalone of €178m (mid-point of FY 2021 guidance) and b) AZR Recycling FY 2021E PF of €62m, post near-term synergies

# AZR's zinc refining asset: strategic integration opportunity to support EAFD recycling operations in the US



## Plant footprint

- Close proximity to AZR recycling plants, at Rutherford County, NC
- Applies **new solvent extraction** technology for zinc refining
- Restarted operations in 2020; **Ramping up**;  
Capacity to produce c. 141kt pure zinc (SHG) per year



1 Barnwell, SC

2 Rockwood, TN

3 Calumet, IL

4 Palmerton, PA

5 Rutherford County, NC

● EAF mini mills

➡ WOX

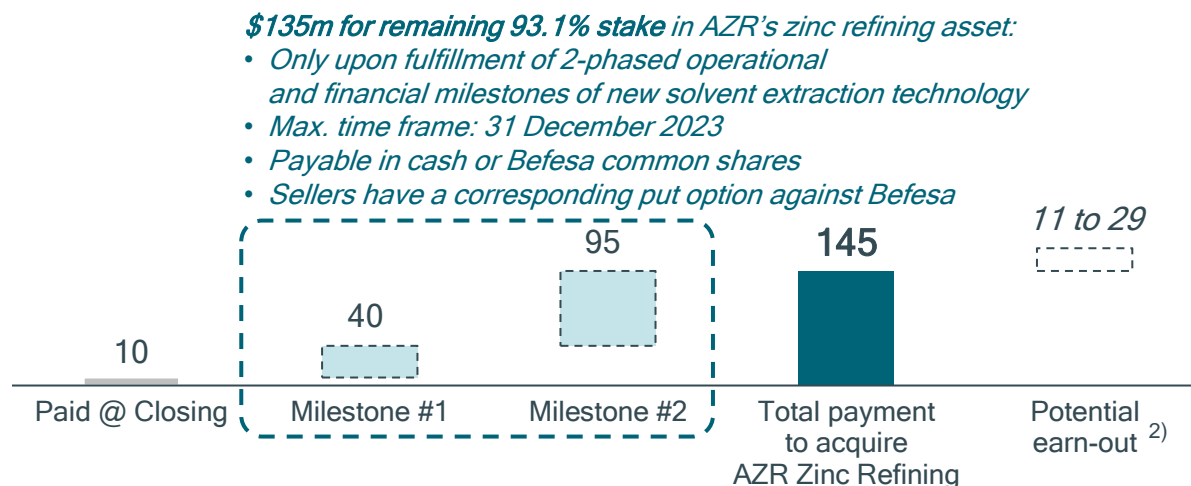
➡ SHG

## Strategic rationale

- Process **WOX** from all AZR recycling plants into **pure zinc (SHG)**
- **WOX** purchased from AZR recycling at **market prices**
- Address **shortage of zinc refining capacity** in the US/North America
- Supports **AZR** to become **vertically-integrated**:
  - Closed-loop, end-to-end, 100% green to AZR's EAF steel clients
  - Reduces exposure to zinc treatment charge volatility
- **No change in Befesa's global strategy**

# Secured option to acquire AZR's zinc refining asset only upon fulfilling operational & financial performance milestones

Payment schedule to acquire AZR's zinc refining asset<sup>1)</sup>, \$m



## Performance milestones:

1) Conversion cost	≤ \$0.44/lb.	≤ \$0.40/lb.	\$0.36 to \$0.35/lb.
2) Capacity utilisation	≥ 85.0%	≥ 92.5%	96.0% to 100.0%
Cumulative stake in AZR's zinc refining	6.9%	34.5%	100.0%
AZR's zinc refining EBITDA, \$m			c. \$20 to \$25

**Total purchase price represents c. 7x estimated EBITDA<sup>3)</sup> acquisition multiple**

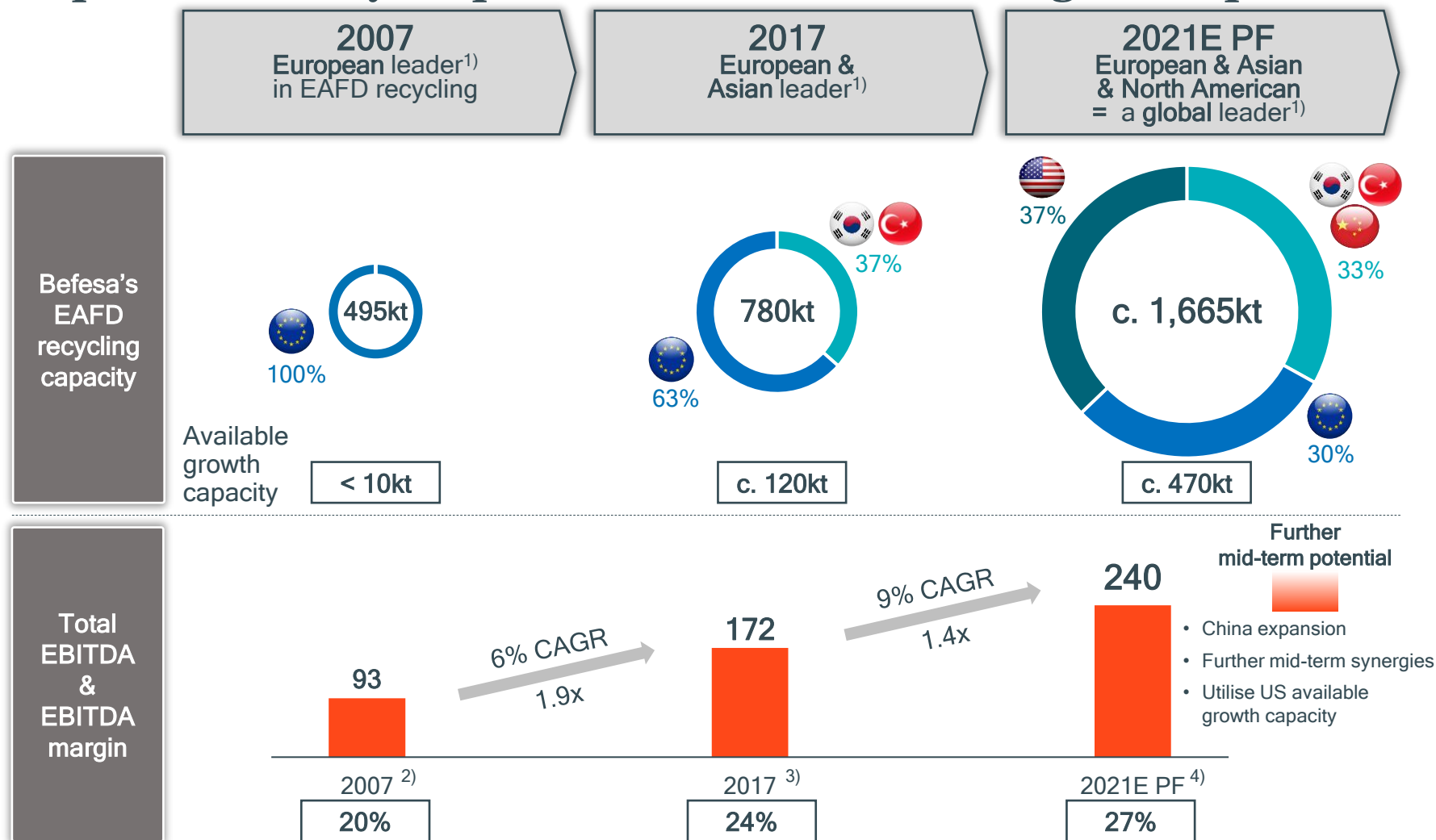
1) Milestone-based purchase prices subject to certain possible adjustments

2) Max. time frame for the potential earn out is 31 December 2023

3) EBITDA of \$20 to \$25m, expected to be achieved within first 3 years after Closing



# The acquisition of AZR's recycling business represents a key step on Befesa's accelerated growth path ...



1) Source: Own estimate based on recycling capacity; 2) 2007 actuals PF for the non-core Industrial Environmental Solutions business divested in 2016; 3) 2017 adjusted for one-time IPO-related costs; 2017 reported EBITDA of €153m; 4) 2021E Combined PF incl. AZR's new improved hedging program and near-term synergies for illustrative purposes



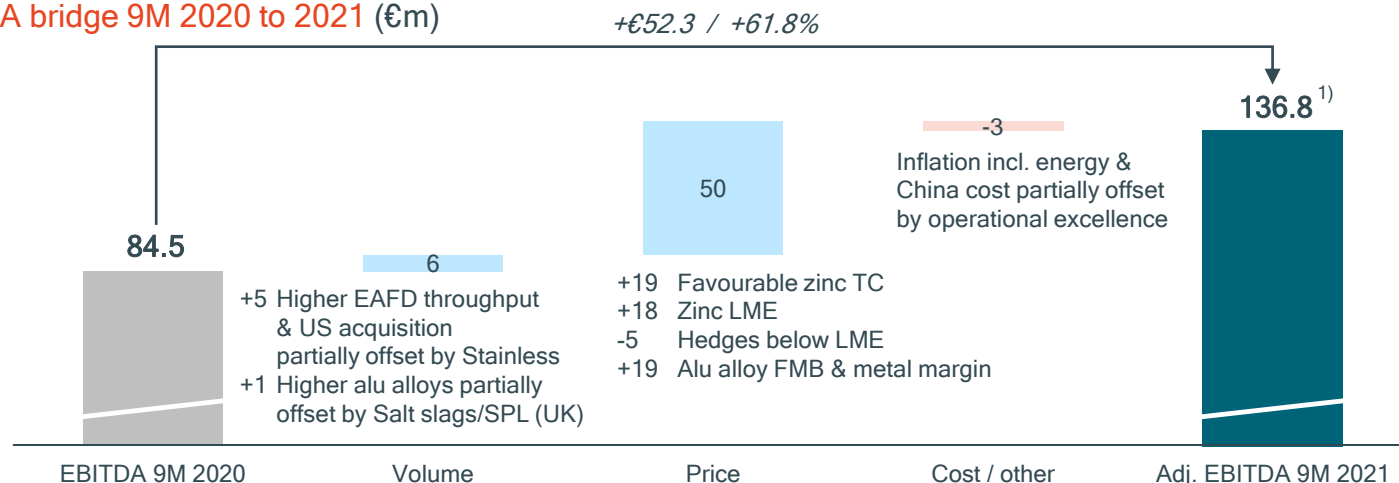
Nanjing City, Location of Befesa China's HQ

# 03 / 9M 2021 results

# Consolidated key financials

9M adjusted EBITDA at €136.8m, all-time-high, driven by strong base metal prices and continued solid volumes with plant utilisation at pre-pandemic levels; Acquired Zinc US operations delivering as expected

## Adjusted EBITDA bridge 9M 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	9M 2020	yoy change	9M 2021
Revenue	€446.4	+€127.8 / +28.6%	€574.2
Adjusted EBITDA <sup>1)</sup>	€84.5	+€52.3 / +61.8%	€136.8
Adjusted EBITDA margin	18.9%	+488 bps	23.8%
Net profit	€31.4	+€30.1 / +95.8%	€61.5
EPS <sup>2)</sup> (€)	€0.92	+€0.77 / +83.4%	€1.69
Operating cash flow	€37.8	+€36.2 / +95.7%	€73.9
Cash	€107.8	+€92.9 / +86.2%	€200.7
Net debt	€420.3	+€61.8 / +14.7%	€482.1
Net leverage <sup>3)</sup>	x3.31	-x0.98	x2.33

1) 9M 2021 EBITDA adjusted for €8.1m non-recurring AZR acquisition-related costs; 9M 2021 reported EBITDA amounted to €128.7m

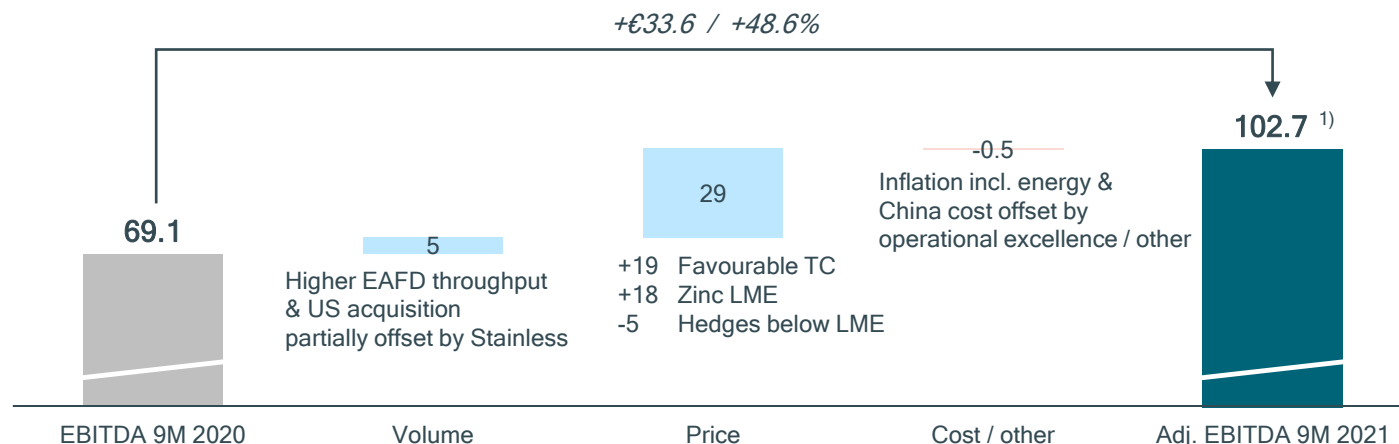
2) EPS in 9M 2020 is based on 34,066,705 shares; 9M 2021 is based on 36,370,474 weighted average shares after the capital increase of 5,933,293 new shares to partly fund the AZR acquisition

3) Net leverage calculated on an LTM basis, see details on page 9, "Cash flow, net debt & leverage"

# Steel Dust Recycling Services

9M adjusted EBITDA at €102.7m, performing at strongest earnings level with 34% margin, driven mainly by favourable zinc prices; Overall plant utilisation continued at pre-pandemic levels; Acquired US operations delivering as expected

## Adjusted EBITDA bridge 9M 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	9M 2020	yoy change	9M 2021
Revenue	€257.3	+€46.8 / +18.2%	€304.1
Adjusted EBITDA <sup>1)</sup>	€69.1	+€33.6 / +48.6%	€102.7
Adjusted EBITDA margin	26.9%	+692 bps	33.8%
EAFD throughput (kt)	501.9	+61.4 / +12.2%	563.3
Plant utilisation	81.2%	-26 bps	81.0%
Waelz oxide (WOX) sold (kt)	182.4	+10.2 / +5.6%	192.6
Zinc LME price (€/t)	€1,905	+€509 / +26.8%	€2,414
Zinc hedging price (€/t)	€2,232	-€62 / -2.8%	€2,170
Zinc blended price <sup>2)</sup> (€/t)	€2,089	+€152 / +7.3%	€2,241
Treatment charge (TC) (\$/t)	\$300	-\$141 / -47.0%	\$159

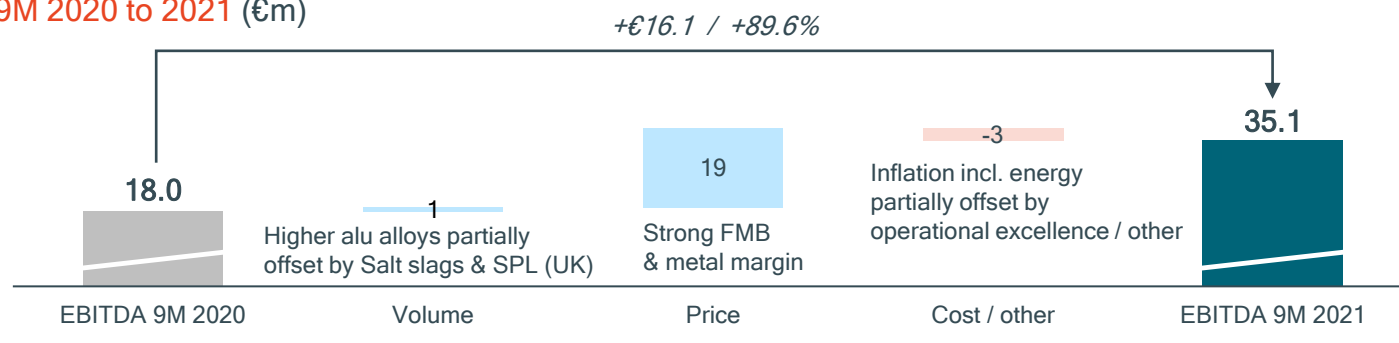
1) 9M 2021 EBITDA adjusted for €3.6m non-recurring AZR acquisition-related costs; 9M 2021 reported EBITDA amounted to €99.2m

2) Blended rate between hedged prices and average spot prices, weighted by the respective hedged and non-hedged volumes, reflecting the effective price to Befesa

# Aluminium Salt Slags Recycling Services

9M EBITDA at €34.1m, delivered record level results, up 90% yoy; Mainly driven by higher aluminium metal prices yoy; Overall plant utilisation continued at solid pre-pandemic levels  $\geq 90\%$

## EBITDA bridge 9M 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	9M 2020	yoy change	9M 2021
Revenue <sup>1)</sup>	€192.0	+€80.2 / +41.8%	€272.2
• Salt Slags	€54.3	+€3.0 / +5.6%	€57.3
• Secondary Aluminium	€159.2	+€85.1 / +53.4%	€244.3
EBITDA	€18.0	+€16.1 / +89.6%	€34.1
• Salt Slags	€11.5	+€4.4 / +38.6%	€15.9
• Secondary Aluminium	€6.5	+€11.7 / +179.3%	€18.2
EBITDA margin (Salt Slags)	21.1%	+660 bps	27.7%
Salt Slags & SPL treated (kt)	333.0	-30.0 / -9.0%	303.0
Plant utilisation <sup>2)</sup>	83.9%	+609 bps	90.0%
Aluminium alloys produced (kt)	123.7	+18.7 / +15.1%	142.4
Plant utilisation <sup>2)</sup>	80.6%	+1,224 bps	92.8%
Alu alloy FMB price <sup>3)</sup> (€/t)	€1,342	+€636 / +47.4%	€1,978

1) Total revenue is after intersegment eliminations (9M 2020: €21.5m; 9M 2021: €29.4m)

2) Plant utilisation rates calculated as either salt slags/SPL treated, or aluminium alloys produced against the corresponding annual installed capacity, based on the calendar days of the period

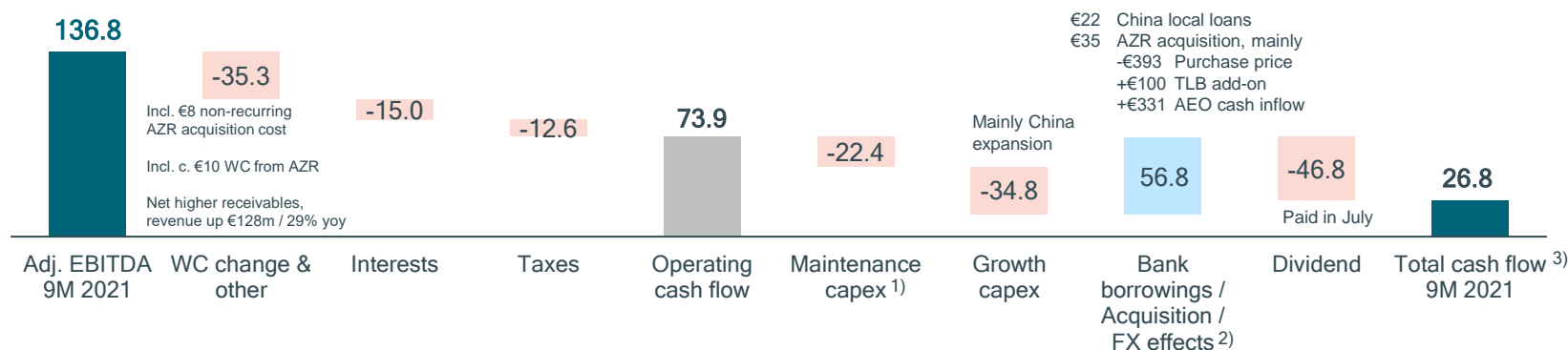
3) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

# Cash flow, net debt & leverage

- S&P upgraded Befesa to 'BB+', outlook stable' (18 June 2021)
- Moody's affirmed Befesa's 'Ba2, outlook stable' (17 May 2021)

Continued strong liquidity of more than €275m including record €201m cash on hand, post-dividend & acquisition funding; Net leverage of x2.33 at Q3'21 closing, improved vs. x3.10 at YE'20 and x3.31 at Q3'20

## Adjusted EBITDA to total cash flow (€m)



1) Includes investments required to maintain or replace assets as well as those related to productivity, compliance and IT

2) Mainly includes the effect of the AZR acquisition, cash bank inflows/outflows from bank borrowings and other liabilities, as well as the effect of foreign exchange rate changes on cash

	At 30 Sept 2020	yoy change	At 30 Sept 2021
LTM EBITDA <sup>4)</sup>	€127.0	+€80.2 / +63.1%	€207.2
9M Operating cash flow <sup>5)</sup>	€37.8	+€36.2 / +95.7%	€73.9
Gross debt <sup>6)</sup>	€528.2	+€154.6 / +29.3%	€682.8
Cash on hand <sup>3)</sup>	€107.8	+€92.9 / +86.2%	€200.7
Net debt	€420.3	+€61.8 / +14.7%	€482.1
Net leverage	x3.31	-x0.98	x2.33

3) Cash on hand of €154.6m at YE'20 increased by €26.8m 9M cash flow and €19.3m cash and cash equivalents incorporated from Befesa Holdings US Inc., ending at €200.7m total cash on hand

4) LTM Q3 2021 EBITDA adjusted for €8.1m non-recurring AZR acquisition-related costs and c. €30m AZR's LTM EBITDA

5) Includes AZR's operating cash flows since closing of the acquisition on 17 Aug 2021

6) €682.8m gross debt at 30 Sept 2021 includes €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans





Secondary aluminium production plant at Bernburg, Germany

# 04 / Befesa overview

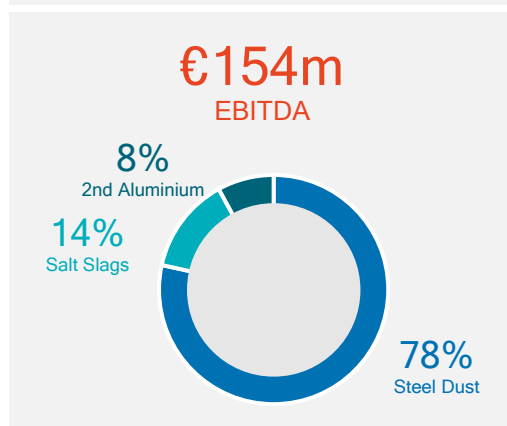
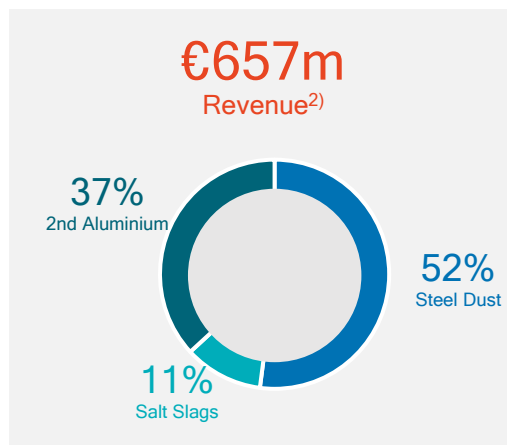


Figures do not include the contribution from AZR's acquisition

# Befesa at a glance

Global leader in Europe, Asia and US in providing regulated critical hazardous waste recycling services to the steel and aluminium industries

3-year average (2018-2020)<sup>1)</sup>



Steel Dust Recycling<sup>1)</sup>

**#1**  
Position in Europe  
(c. 45-50% market share) and Asia

**33%**  
EBITDA margin  
(3-year average 2018-2020)

**>15yrs**  
Relationships

Aluminium Salt Slags Recycling

**#1**  
Position in Europe in salt slags subsegment  
(c. 45-50% market share)

**27%**  
EBITDA margin in salt slags subsegment<sup>3)</sup>  
(3-year average 2018-2020)

**>15yrs**  
Relationships

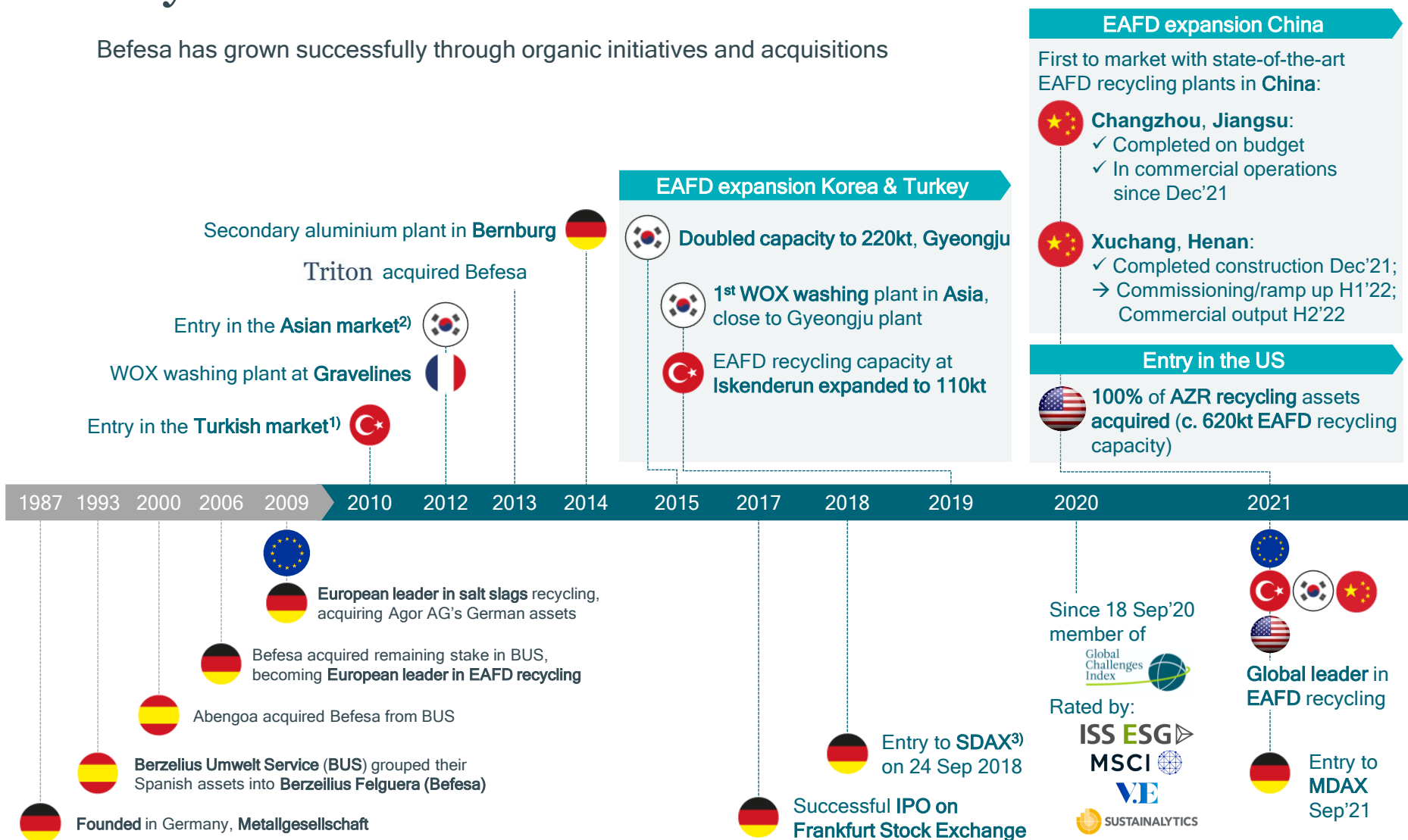
Source: Company information, International Consulting Firm based on World Steel Association's Steel Statistical Yearbooks, WBMS, industry research, expert Interviews.

1) Figures do not include the contribution from AZR's acquisition closed on 17 August 2021

2) Excluding internal revenue; revenue split is calculated on revenues including internal revenue; 3) Including recycling of SPL (a hazardous waste generated in primary aluminium production)

# Key milestones

Befesa has grown successfully through organic initiatives and acquisitions



1) Through 51/49 JV with Canadian Silvermet; 2) By acquiring subsequent stakes in the Korean Hankook; 3) Free-float at 100% after Triton's exit on 6 June 2019

# Investment highlights

## Environmental solutions

in high demand for the steel and aluminium industry improving sustainability

## Favourable mega trends

supporting secondary steel and aluminium markets e.g. CO<sub>2</sub> reduction, emission controls

## Global leader

in Europe, Asia & US, in niche recycling markets, applying best available technology with plant footprint close to clients

## Strong regulation

getting stricter and expanding into new geographies to protect the environment

## Robust & long-term service

supports business model with strong barriers to entry and high captive demand

## Proven resilience

through the cycle with strong growth, margins and cash flow generation

## Expansion opportunities

organic & inorganic, focused on core segments with attractive returns

## Experienced team

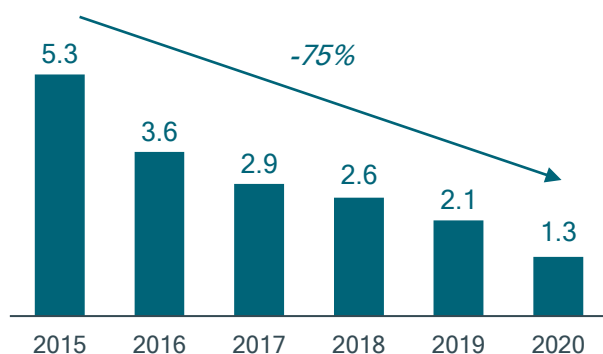
focused on compliance, ESG and profitable growth = shareholder value

# Sustainability at Befesa

Key player within the **circular economy**, with c. 2 million tonnes recycled and c. 1.5 million tonnes of valuable materials recovered annually, that contributes significantly to increase efficiency of raw material use in the metals industry and promotes the transition towards a more **sustainable economy**

## Lost Time Injury Rate (LTIR)

- Excellence in health & safety is a priority for Befesa
- Aiming to reduce LTIR by at least 50% by 2024 vs. 2019



## ESG Ratings

ISS ESG

B  
Top 3 of 205  
Metals & mining

SUSTAINALYTICS

14.8  
#3 of 60  
Commercial services

V.E

#5 of 105  
Business services

MSCI

BBB  
Commercial services

## Global Challenges Index (GCX)

- Befesa selected on 18 Sept 2020
- GCX comprises a total of 50 shares selected according to strict criteria from a total of c. 6,000 companies worldwide

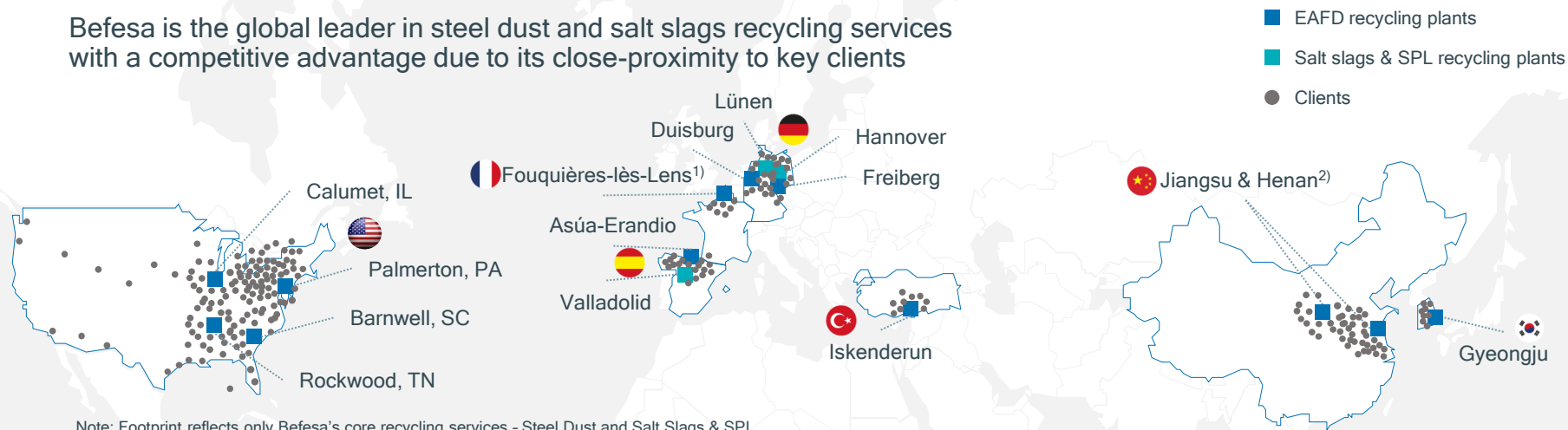


## Sustainability Reporting

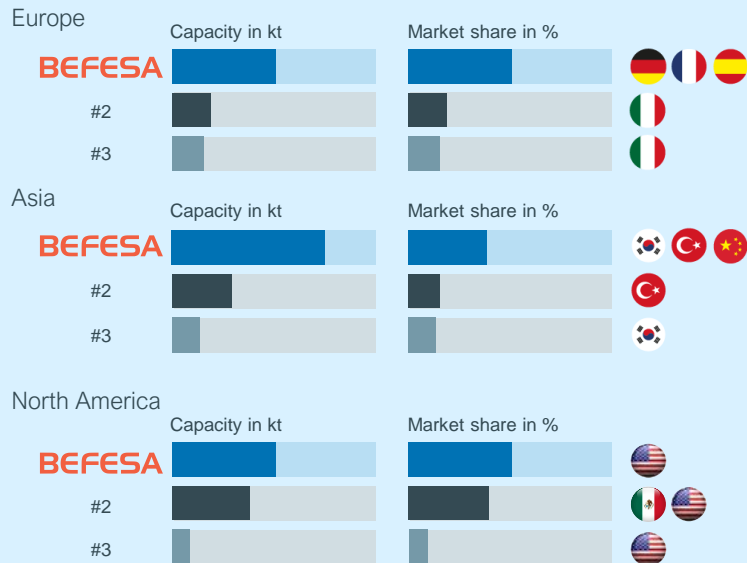
- ✓ 2020 ESG Progress Update published 27 April 2021
- Defining 2030 & 2050 ESG roadmap including GHG emission reduction
- Integrated Annual Report '21 in March and Sustainability Report in April '22

# Global leader in Europe, Asia & North America

Befesa is the global leader in steel dust and salt slags recycling services with a competitive advantage due to its close-proximity to key clients



## STEEL DUST RECYCLING

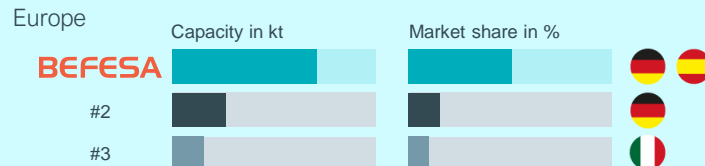


1) 50/50 joint venture with Recylex

2) Changzhou, Jiangsu province: In commercial production and selling WOX since Dec'21;

Xuchang, Henan province: Completed construction Dec '21 on budget; Commissioning incl. ramp-up during H1'22 and commercial output scheduled in H2'22

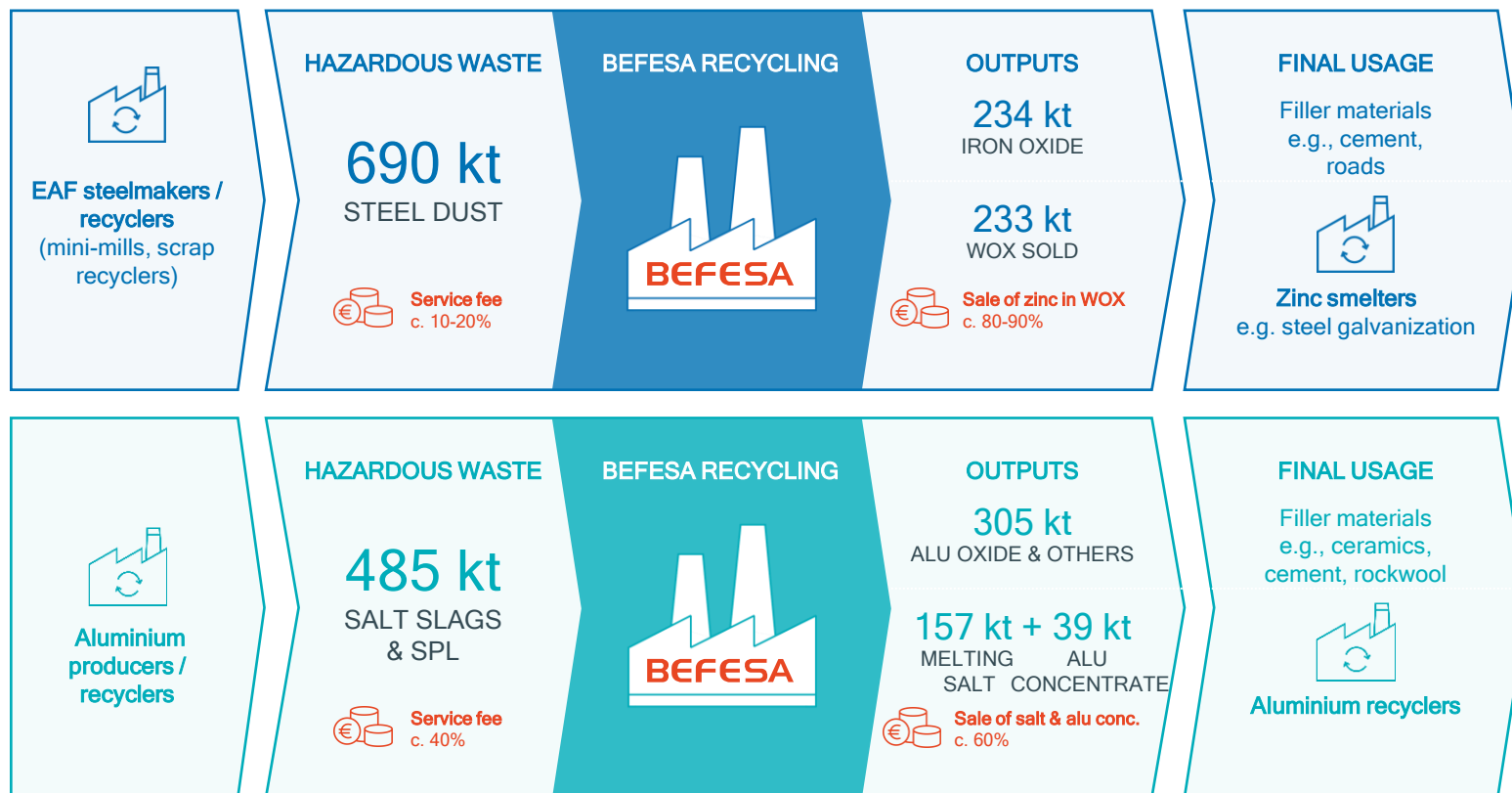
## ALU SALT SLAGS RECYCLING





# Highly regulated & critical service model

Befesa is the leading environmental services partner in the circular economy of the 2<sup>nd</sup> steel and aluminium industry by recycling and avoiding the landfilling of c. 2 MT hazardous residues and recovering c. 1.5 MT of new valuable materials



All figures are the average of the fiscal years 2018, 2019 and 2020 and do not include contribution from AZR's acquisition closed on 17 August 2021

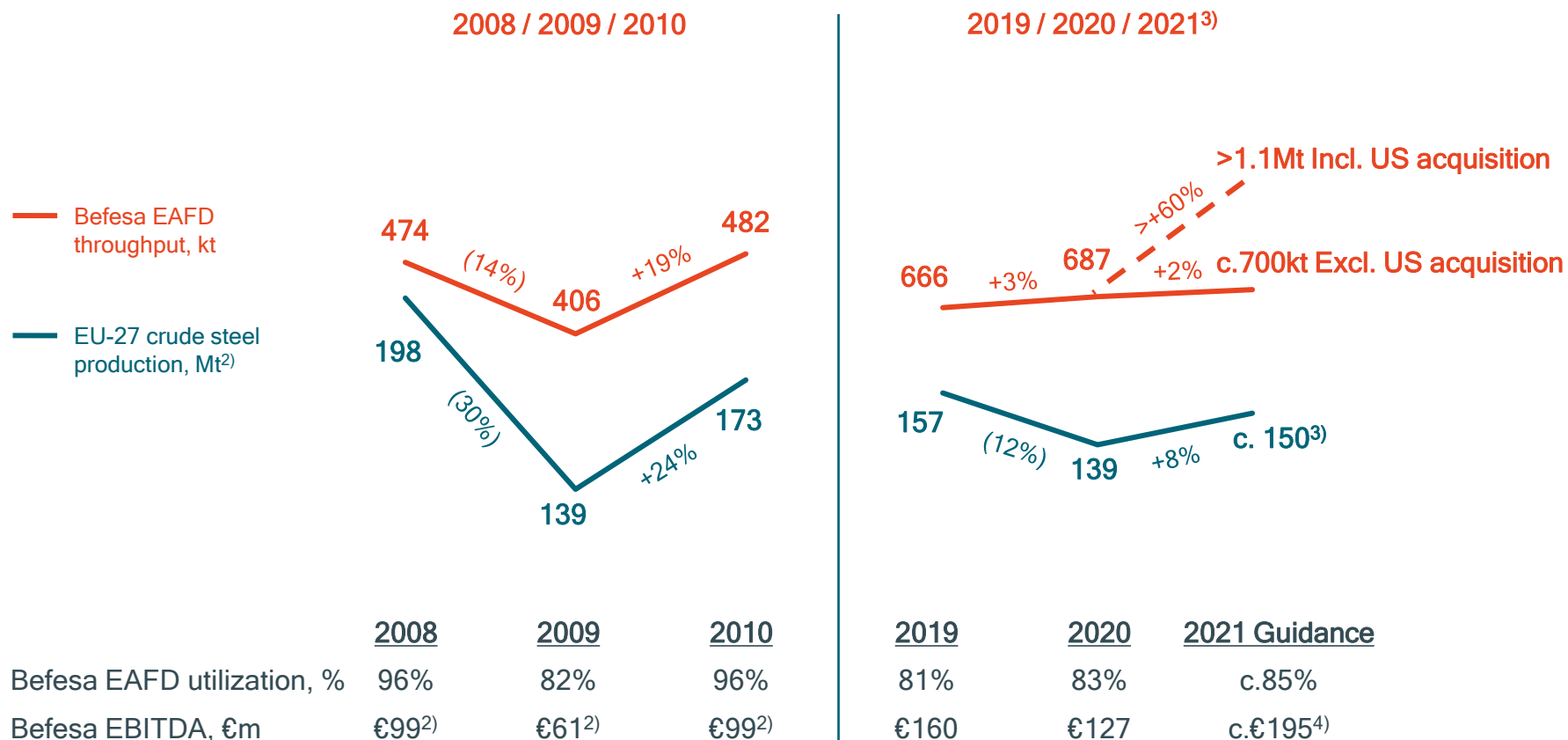
Value chains are simplified and only reflect Befesa's core business segments (i.e. Steel Dust; Aluminium Salt Slags):

- Within Steel Dust Recycling Services business segment Befesa manages a Stainless sub-segment (94 kt stainless steel dust throughput, average over L3Y period 2018-2020)
- Within Aluminium Salt Slags Recycling Services business segment Befesa manages a Secondary Aluminium sub-segment (173 kt 2<sup>nd</sup> aluminium alloys produced, average over L3Y period 2018-2020)



# Befesa's Resilience During Latest Crises

Befesa has demonstrated resilient volumes and capacity utilisation levels during the latest crises



1) Source: [worldsteel.org](http://worldsteel.org)

2) Total EBITDA is the sum of Steel Dust & Aluminium Salt Slags segments proforma (PF) comparable to Befesa structure in '19/'20; Thus, it excludes divested IES, EPC and Concessions businesses

3) EU-27 crude steel production estimate for FY'21 based on Sep'21 YTD actual of 115Mt /3\*4 = c.150Mt

4) c.€195m is Befesa's external guidance range for FY'21 (as provided on 28 Oct 2021); Broker consensus from Factset and Bloomberg at c.€195m on average (15 Nov 2021)

# Experienced management team

Senior management team delivering results through long-standing industry expertise, entrepreneurial spirit and focus on operational excellence as well as governance and compliance processes



**Javier Molina**  
CEO

- CEO since 2000
- Leading Befesa for >20 years



**Wolf Lehmann**  
CFO;  
incl. responsibilities  
for operational  
excellence & IT

- CFO since 2014
- 20+ years in finance & operational leadership roles, 50/50 General Electric / PE



**Asier Zarraonandia**  
Vice-president  
Steel Dust  
Recycling Services

- 15+ years with Befesa
- Running Befesa's Steel Dust business for >15 years



**Federico Barredo**  
Vice-president  
Aluminium Salt Slags  
Recycling Services

- 25+ years with Befesa
- Running Befesa's Aluminium Salt Slags business for >20 years

## Key achievements / track record



Extensive experience in steel and aluminium recycling business, incl. managing through the cycle



Strong performance results through focus on operational excellence



Building strong business foundation of ESG, compliance and health & safety processes



Successful international expansion



Track record of successful acquisitions and turnarounds, e.g., BUS, Agor, Alcasa, Hankook, Silvermet, AZR



Experience in developing greenfield projects, e.g., Gravelines, South Korea, Bernburg, China



Waelz kiln at EAFD recycling plant in Gyeongju, South Korea

05 /

Investor agenda  
& appendix

# Investor's agenda

## Financial calendar 2022

**Prelim. YE Results 2021 & Conf. Call**  
Thursday, 24 February 2022

**Annual Report 2021**  
Wednesday, 30 March 2022

**Q1 2022 Statement & Conf. Call**  
Tuesday, 26 April 2022

**Annual General Meeting**  
Thursday, 16 June 2022

**H1 2022 Interim Report & Conf. Call**  
Thursday, 28 July 2022

**Q3 2022 Statement & Conf. Call**  
Thursday, 27 October 2022

## Investor conferences Q4 2021

- ✓ **London - Global Natural Resources Conference 2021 (virtual)**  
11 November 2021 - Goldman Sachs
- ✓ **Goldman Sachs Global Metals & Mining Conference 2021 (virtual)**  
17-18 November 2021 - Goldman Sachs
- ✓ **Deutsches Eigenkapitalforum 2021**  
22-23 Nov 2021 - Deutsche Börse AG
- ✓ **London - Stifel US Industrials Summit**  
2 December 2021 - Stifel
- ✓ **Berenberg European Conf. 2021 (virtual)**  
7 December 2021 - Berenberg

## 2022

**ODDO BHF Forum 25<sup>th</sup> Edition (virtual)**  
6 & 7 January 2022 - ODDO BHF

**Berenberg German Corp. Conf. USA (virtual)**  
11-12 January 2022 - Berenberg

**Commerzbank Investment Seminar (virtual)**  
10 January 2022 - Commerzbank

**BofA SMID Cap Conference 2022 (virtual)**  
11-13 January 2022 - Bank of America

**UniCredit & Kepler Cheuvreux 20<sup>th</sup> German Corporate Conference (virtual)**  
17-19 Jan 2022 - UniCredit & Kepler Cheuvreux

**Madrid - XXVIII Santander Iberian Conf.**  
3 February 2022 - Santander

**JPM European Small/Mid Cap Conf. (virtual)**  
15 March 2022 - JP Morgan

**Copenhagen - Stifel 7<sup>th</sup> German Corp. Conf.**  
31 March 2022 - Stifel

**BofA Global Metals, Mining & Steel Conf. 2022**  
17-19 May 2022 - Bank of America

**Tarrytown, NY - Berenberg Conf. USA 2022**  
25 May 2022 - Berenberg

**Deutsche Börse Deutsche Eigenkapitalforum**  
28-30 Nov 2022 - Deutsche Börse AG

## Contact details

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Director of Investor Relations & Strategy  
Phone: +49 (0) 2102 1001 0  
email: [irbefesa@befesa.com](mailto:irbefesa@befesa.com)

# Q3 2021/20 – Key financials

(€m, unless otherwise stated)

	Steel Dust	Salt Slags	Secondary Aluminium	Corporate & eliminations	Total Befesa
<b>Revenue<sup>1)</sup></b> <i>yoy change</i>	<b>€108.7</b> +€27.0 / +33.0%	<b>€20.0</b> +€3.6 / +22.1%	<b>€72.0</b> +€18.0 / +33.3%	<b>-€10.8</b> -€3.8 / -	<b>€190.0</b> +€44.8 / +30.9%
<b>Reported EBITDA</b> <i>yoy change</i>	<b>€29.9</b> +€5.5 / +22.7%	<b>€4.8</b> +€2.1 / +79.9%	<b>€4.5</b> +€1.4 / +44.6%	<b>-€4.6</b> -€3.7 / -	<b>€34.6</b> +€5.3 / +18.0%
<b>Reported EBITDA margin</b> <i>yoy change</i>	<b>27.5%</b> -231 bps	<b>23.8%</b> +763 bps	<b>6.2%</b> +49 bps	- -	<b>18.2%</b> -198 bps
<b>Adjusted EBITDA<sup>2)</sup></b> <i>yoy change</i>	<b>€33.5</b> +€9.1 / +37.4%	<b>€4.8</b> +€2.1 / +79.9%	<b>€4.5</b> +€1.4 / +44.6%	<b>-€0.1</b> +€0.8 / -	<b>€42.7</b> +€13.4 / +45.7%
<b>Adjusted EBITDA margin</b> <i>yoy change</i>	<b>30.8%</b> +98 bps	<b>23.8%</b> +763 bps	<b>6.2%</b> +49 bps	- -	<b>22.5%</b> +229 bps

1) Total revenue in Aluminium Salt Slags Recycling Services amounted to €64.2m in Q3 2020 and to €82.1m in Q3 2021 after intersegment eliminations of €6.2m in Q3 2020 and of €9.9m in Q3 2021

2) EBITDA adjusted for the €8.1m non-recurring AZR acquisition-related costs

# 9M 2021/20 – Key financials

(€m, unless otherwise stated)

	Steel Dust	Salt Slags	Secondary Aluminium	Corporate & eliminations	Total Befesa
<b>Revenue<sup>1)</sup></b> <i>yoy change</i>	<b>€304.1</b> <i>+€46.8 / +18.2%</i>	<b>€57.3</b> <i>+€3.0 / +5.6%</i>	<b>€244.3</b> <i>+€85.1 / +53.4%</i>	<b>-€31.5</b> <i>-€7.1 / -</i>	<b>€574.2</b> <i>+€127.8 / +28.6%</i>
<b>Reported EBITDA</b> <i>yoy change</i>	<b>€99.2</b> <i>+€30.0 / +43.4%</i>	<b>€15.9</b> <i>+€4.4 / +38.6%</i>	<b>€18.2</b> <i>+€11.7 / +179.3%</i>	<b>-€4.5</b> <i>-€2.0 / -</i>	<b>€128.7</b> <i>+€44.2 / +52.2%</i>
<b>Reported EBITDA margin</b> <i>yoy change</i>	<b>32.6%</b> <i>+574 bps</i>	<b>27.7%</b> <i>+660 bps</i>	<b>7.4%</b> <i>+336 bps</i>	<b>-</b> <i>-</i>	<b>22.4%</b> <i>+347 bps</i>
<b>Adjusted EBITDA<sup>2)</sup></b> <i>yoy change</i>	<b>€102.7</b> <i>+€33.6 / +48.6%</i>	<b>€15.9</b> <i>+€4.4 / +38.6%</i>	<b>€18.2</b> <i>+€11.7 / +179.3%</i>	<b>€0.0</b> <i>+€2.5 / -</i>	<b>€136.8</b> <i>+€52.3 / +61.8%</i>
<b>Adjusted EBITDA margin</b> <i>yoy change</i>	<b>33.8%</b> <i>+692 bps</i>	<b>27.7%</b> <i>+660 bps</i>	<b>7.4%</b> <i>+336 bps</i>	<b>-</b> <i>-</i>	<b>23.8%</b> <i>+488 bps</i>

1) Total revenue in Aluminium Salt Slags Recycling Services amounted to €192.0m in 9M 2020 and to €272.2m in 9M 2021 after intersegment eliminations of €21.5m in 9M 2020 and of €29.4m in 9M 2021

2) EBITDA adjusted for the €8.1m non-recurring AZR acquisition-related costs



# Multi-year trend – Key financials<sup>1)</sup>

(€m, unless otherwise stated)

	2017	2018	2019	2020
<b>Revenue</b>	€667.4 <sup>2)</sup>	€720.1	€647.9	€604.3
<b>Reported EBITDA</b>	€153.0	€176.0	€159.6	€123.5
<b>Reported EBITDA margin</b>	22.9% <sup>2)</sup>	24.4%	24.6%	20.4%
<b>Adjusted EBITDA</b>	€172.4 <sup>3)</sup>	€176.0	€159.6	€127.0 <sup>4)</sup>
<b>Adjusted EBITDA margin</b>	25.8% <sup>2)</sup>	24.4%	24.6%	21.0%
<b>Net profit<sup>5)</sup></b>	€49.3	€90.2	€82.7	€47.6
<b>EPS<sup>5)</sup> (€)</b>	€1.02 <sup>6)</sup>	€2.65	€2.43	€1.40
<b>Operating cash flow<sup>7)</sup></b>	€91.5	€103.8	€102.5	€92.5
<b>Cash position end of period</b>	€117.6	€150.6	€125.5	€154.6
<b>Net debt</b>	€406.4	€376.8	€416.9	€393.6
<b>Net leverage</b>	x2.4	x2.1	x2.6	x3.1

1) 2017, 2018 and 2019 are full year actual reported figures audited by external auditors; 2020 are full year preliminary figures currently being audited by external auditors

2) FY 2017 reported revenue amounted to €724.8m; Revenue of €667.4m is comparable after amendment IFRS 15 impacting non-operating revenue

3) 2017 EBITDA adjusted due to one-off non-recurrent items primarily related to the IPO

4) 2020 EBITDA adjusted for €3.5m for the UK Salt Slags plant closure

5) Net profit and total basic earnings/(losses) per share attributable to the ordinary equity holders of Befesa S.A.

6) FY 2017 EPS impacted by the conversion of the preferred shares carried out in October 2017 prior to the IPO; The weighted average number of ordinary shares used as the denominator in calculating total basic EPS in FY 2017 was 25,025 thousand shares, compared to the 34,067 thousand shares used from 2018 onwards

7) Operating cash flow is after WC change, taxes and interests; pre capex and pre dividend

# Q3 2021/20 – Operational data – Steel Dust Recycling Services

	Q3 2020	Q3 2021 <sup>1)</sup>	yoy change
EAFD throughput (kt)	160.7	222.6	+61.9 / +38.5%
EAFD average capacity utilisation (%)	77.5%	77.7%	+28 bps
Waelz oxide (WOX) sold (kt)	55.9	73.2	+17.3 / +30.9%
Zinc LME price (€/t)	€1,997	€2,538	+€541 / +27.1%
Zinc hedging price (€/t)	€2,227	€2,110	-€117 / -5.2%
Zinc blended price <sup>2)</sup> (€/t)	€2,214	€2,220	+€6 / +0.3%

1) EAFD throughput, corresponding capacity utilisation, and WOX sold figures in Q3 2021 include data contributed by the acquired US operations (c. six weeks of Q3 2021)

2) Blended rate between hedged prices and average spot prices, weighted by the respective hedged and non-hedged volumes, reflecting the effective price to Befesa

# 9M 2021/20 – Operational data – Steel Dust Recycling Services

	9M 2020	9M 2021 <sup>1)</sup>	yoy change
EAFF throughput (kt)	501.9	563.3	+61.4 / +12.2%
EAFF average capacity utilisation (%)	81.2%	81.0%	-26 bps
Waelz oxide (WOX) sold (kt)	182.4	192.6	+10.2 / +5.6%
Zinc LME price (€/t)	€1,905	€2,414	+€509 / +26.8%
Zinc hedging price (€/t)	€2,232	€2,170	-€62 / -2.8%
Zinc blended price <sup>2)</sup> (€/t)	€2,089	€2,241	+€152 / +7.3%

1) EAFF throughput, corresponding capacity utilisation, and WOX sold figures in 9M 2021 include data contributed by the acquired US operations (c. six weeks of Q3 2021)

2) Blended rate between hedged prices and average spot prices, weighted by the respective hedged and non-hedged volumes, reflecting the effective price to Befesa

# Q3 2021/20 – Operational data – Aluminium Salt Slags Recycling Services

	Q3 2020 <sup>1)</sup>	Q3 2021	yoy change
Salt Slags & SPL treated (kt)	102.6	107.2	+4.7 / +4.5%
Salt Slags & SPL avg. cap. utilisation (%)	77.0%	94.5%	+1,754 bps
Aluminium alloys produced (kt)	44.4	42.9	-1.5 / -3.5%
Secondary Alu avg. capacity utilisation (%)	86.2%	83.0%	-322 bps
Aluminium alloy FMB price <sup>2)</sup> (€/t)	€1,312	€2,008	+€697 / +53.1%

1) Salt slags & SPL volumes and corresponding capacity utilisation figures in Q3 2020 include data contributed by the plant in the UK, which was permanently closed in Q4 2020

2) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

# 9M 2021/20 – Operational data – Aluminium Salt Slags Recycling Services

	9M 2020 <sup>1)</sup>	9M 2021	yoy change
Salt Slags & SPL treated (kt)	333.0	303.0	-30.0 / -9.0%
Salt Slags & SPL avg. cap. utilisation (%)	83.9%	90.0%	+609 bps
Aluminium alloys produced (kt)	123.7	142.4	+18.7 / +15.1%
Secondary Alu avg. capacity utilisation (%)	80.6%	92.8%	+1,224 bps
Aluminium alloy FMB price <sup>2)</sup> (€/t)	€1,342	€1,978	+€636 / +47.4%

1) Salt slags & SPL volumes and corresponding capacity utilisation figures in 9M 2020 include data contributed by the plant in the UK, which was permanently closed in Q4 2020

2) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

# Multi-year trend – Operational data

	2017	2018	2019	2020
EAFD throughput (kt)	661.0	717.1	665.8	687.0
EAFD average capacity utilisation (%)	84.7%	92.0%	80.7% / 90.1% <sup>1)</sup>	83.0%
Waelz oxide (WOX) sold (kt)	217.8	240.9	217.6	239.2
Zinc LME price (€/t)	€2,572	€2,468	€2,276	€1,979
Zinc hedging price (€/t)	€1,876	€2,051	€2,317	€2,239
Zinc blended price <sup>2)</sup> (€/t)	€2,160	€2,168	€2,280	€2,136
Salt Slags & SPL treated (kt)	509.9	517.0	492.6	444.6
Salt Slags & SPL avg. cap. utilisation (%)	96.2%	97.5%	92.9%	83.7% / 86.9% <sup>3)</sup>
Alu alloys produced (kt)	184.1	169.3	176.7	174.3
Secondary Alu avg. capacity utilisation (%)	89.8%	82.6% / 98.1% <sup>4)</sup>	86.2% / 91.1% <sup>5)</sup>	84.8%
Aluminium alloy FMB price <sup>6)</sup> (€/t)	€1,766	€1,715	€1,397	€1,420

1) Installed capacity and corresponding utilisation rates in 2019 are normalised for the capacity upgrade in Turkey, from 65kt to 110kt (plant was shutdown from end of Jan to mid-Aug 2019)

2) Blended rate between hedged prices and average spot prices, weighted by the respective hedged and non-hedged volumes, reflecting the effective price to Befesa

3) Installed capacity and corresponding utilisation rates in 2020 are normalised for the UK salt slags plant closure in Q4 2020

4) Installed capacity and corresponding utilisation rates in 2018 are normalised for the furnace upgrades in Bilbao (plant was shutdown three months, from 2<sup>nd</sup> week of June to 3<sup>rd</sup> week of September), as well as the Barcelona - phase I (plant was shutdown two months, from 4<sup>th</sup> week of August to 4<sup>th</sup> week of October)

5) Installed capacity and corresponding utilisation rates in 2019 are normalised for the furnace upgrade in Barcelona - phase II (plant was shutdown three months, from mid-August to mid-November)

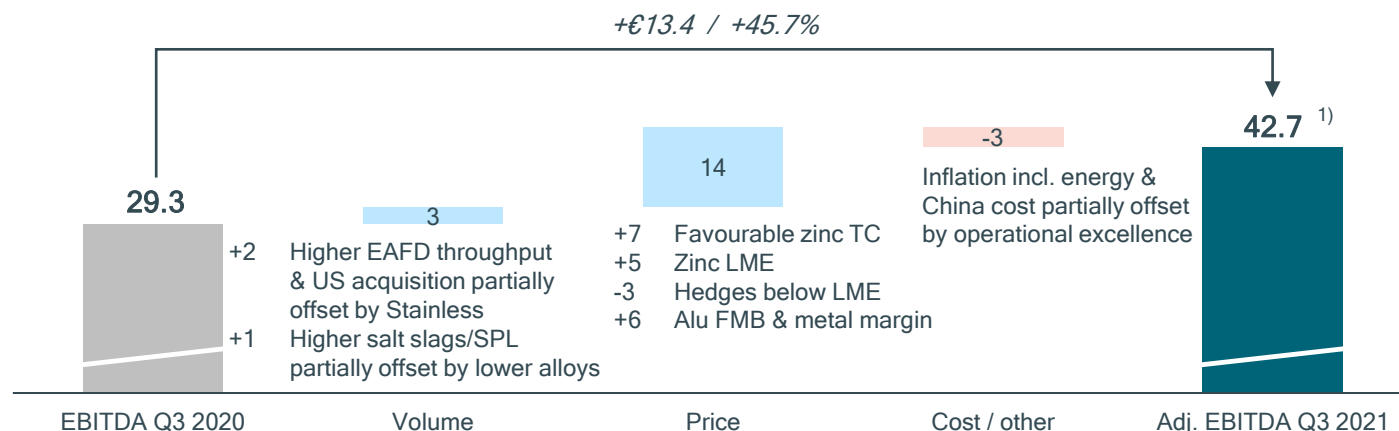
6) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works



# Consolidated key financials

Q3 adjusted EBITDA at €42.7m, up 46% yoy, mainly driven by strong metal prices; Contribution from acquired Zinc US operations (six weeks of Q3); Volumes continued solid with plant utilisation at pre-pandemic levels; EBITDA above pre-pandemic levels (up 15% vs. Q3'19)

Adjusted EBITDA bridge Q3 2020 to 2021 (€m)



Key metrics (€m, unless otherwise stated)

	Q3 2020	yoy change	Q3 2021
Revenue	€145.2	+€44.8 / +30.9%	€190.0
Adjusted EBITDA <sup>1)</sup>	€29.3	+€13.4 / +45.7%	€42.7
Adjusted EBITDA margin	20.2%	+229 bps	22.5%
Net profit	€10.8	+€5.1 / +46.8%	€15.9
EPS <sup>2)</sup> (€)	€0.32	+€0.08 / +25.0%	€0.40
Operating cash flow	€26.6	-€22.9 / -86.1%	€3.7
Cash	€107.8	+€92.9 / +86.2%	€200.7
Net debt	€420.3	+€61.8 / +14.7%	€482.1
Net leverage	x3.31	-x0.98	x2.33

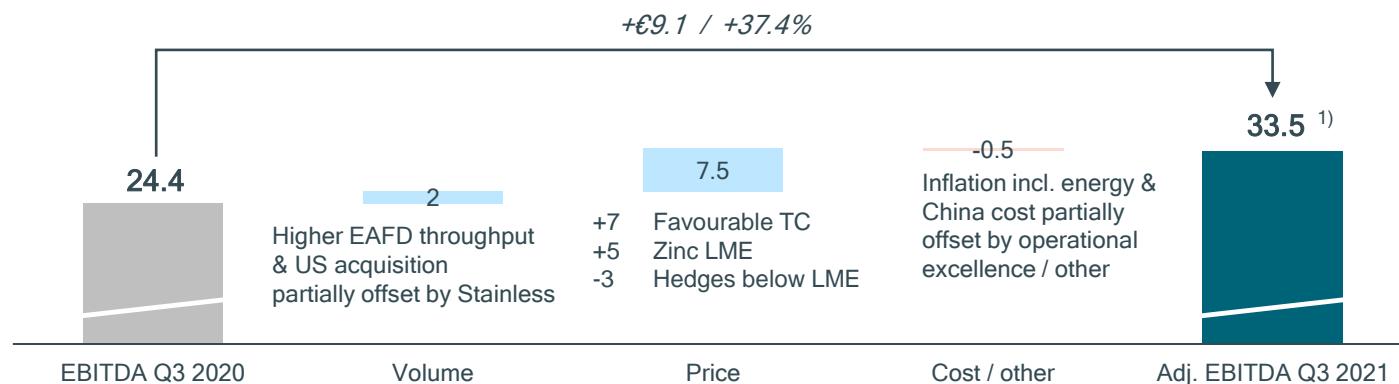
1) Q3 2021 EBITDA adjusted for €8.1m non-recurring AZR acquisition-related costs; Q3 2021 reported EBITDA amounted to €34.6m

2) EPS in Q3 2020 is based on 34,066,705 shares; Q3 2021 is based on 39,999,998 shares after the capital increase of 5,933,293 new shares to partly fund the AZR acquisition

# Steel Dust Recycling Services

Q3 adjusted EBITDA at €33.5m; Favourable zinc LME prices & TC, partially offset by lower zinc hedging prices; Contribution from acquired US operations (c. 6 weeks of Q3); EBITDA above pre-pandemic levels (up 11% vs. Q3'19)

## Adjusted EBITDA bridge Q3 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	Q3 2020	yoy change	Q3 2021
Revenue	€81.8	+€27.0 / +33.0%	€108.8
Adjusted EBITDA <sup>1)</sup>	€24.4	+€9.1 / +37.4%	€33.5
Adjusted EBITDA margin	29.8%	+98 bps	30.8%
EAFD throughput (kt)	160.7	+61.9 / +38.5%	222.6
Plant utilisation	77.5%	+28 bps	77.7%
Waelz oxide (WOX) sold (kt)	55.9	+17.3 / +30.9%	73.2
Zinc LME price (€/t)	€1,997	+€541 / +27.1%	€2,538
Zinc hedging price (€/t)	€2,227	-€117 / -5.2%	€2,110
Zinc blended price <sup>2)</sup> (€/t)	€2,214	+€6 / +0.3%	€2,220
Treatment charge (TC) (\$/t)	\$300	-\$141 / -47.0%	\$159

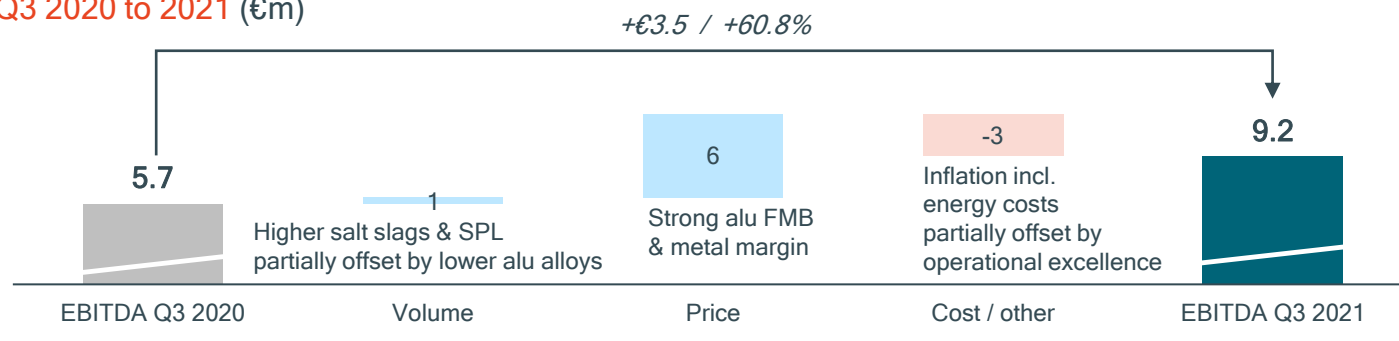
1) Q3 2021 EBITDA adjusted for €3.6m non-recurring AZR acquisition-related costs; Q3 2021 reported EBITDA amounted to €29.9m

2) Blended rate between hedged prices and average spot prices, weighted by the respective hedged and non-hedged volumes, reflecting the effective price to Befesa

# Aluminium Salt Slags Recycling Services

Q3 EBITDA at €9.2m, up 61% yoy, mainly driven by strong aluminium metal prices yoy;  
Better salt slags & SPL partially offset by lower alu alloys; EBITDA above pre-pandemic levels (up 52% vs. Q3'19)

## EBITDA bridge Q3 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	Q3 2020	yoy change	Q3 2021
Revenue <sup>1)</sup>	€64.2	+€17.8 / +27.8%	€82.1
• Salt Slags	€16.4	+€3.6 / +22.1%	€20.0
• Secondary Aluminium	€54.0	+€18.0 / +33.3%	€72.0
EBITDA	€5.7	+€3.5 / +60.8%	€9.2
• Salt Slags	€2.6	+€2.1 / +79.9%	€4.8
• Secondary Aluminium	€3.1	+€1.4 / +44.6%	€4.5
EBITDA margin (Salt Slags)	16.1%	+763 bps	23.8%
Salt Slags & SPL treated (kt)	102.6	+4.7 / +4.5%	107.2
Plant utilisation <sup>2)</sup>	77.0%	+1,754 bps	94.5%
Aluminium alloys produced (kt)	44.4	-1.5 / -3.5%	42.9
Plant utilisation <sup>2)</sup>	86.2%	-322 bps	83.0%
Alu alloy FMB price <sup>3)</sup> (€/t)	€1,312	+€697 / +53.1%	€2,008

1) Total revenue is after intersegment eliminations (Q3 2020: €6.2m; Q3 2021: €9.9m)

2) Plant utilisation rates calculated as either salt slags/SPL treated, or aluminium alloys produced against the corresponding annual installed capacity, based on the calendar days of the period

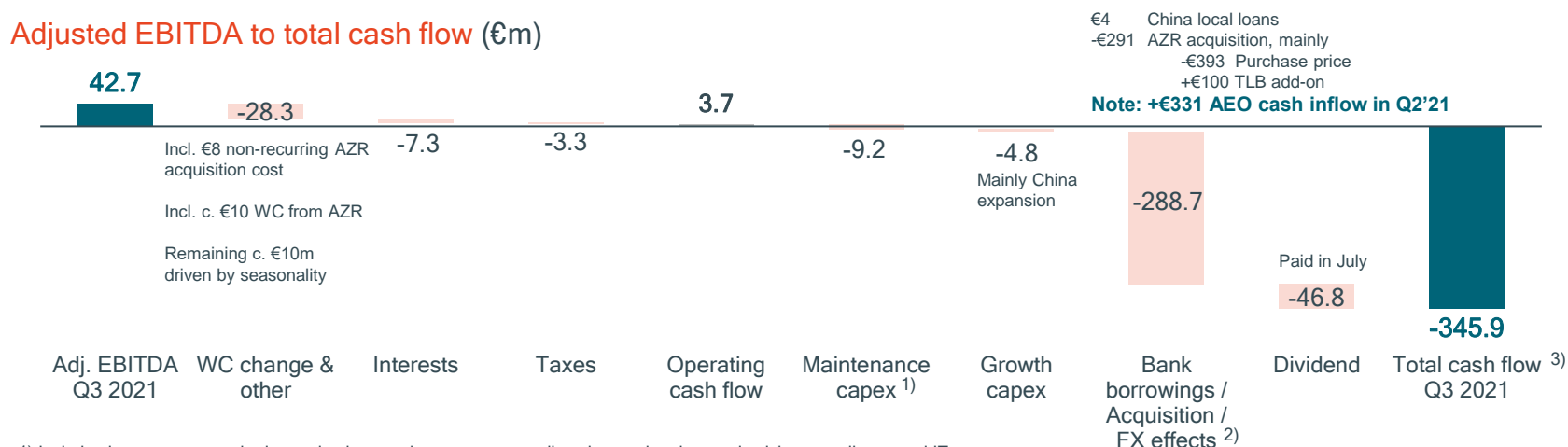
3) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

# Cash flow, net debt & leverage

- S&P upgraded Befesa to 'BB+', outlook stable' (18 June 2021)
- Moody's affirmed Befesa's 'Ba2, outlook stable' (17 May 2021)

Continued strong liquidity of more than €275m including record €201m cash on hand, post-dividend & acquisition funding; Net leverage of x2.33 at Q3'21 closing, improved vs. x3.10 at YE'20 and x3.31 at Q3'20

## Adjusted EBITDA to total cash flow (€m)



1) Includes investments required to maintain or replace assets as well as those related to productivity, compliance and IT

2) Mainly includes the effect of the AZR acquisition, cash bank inflows/outflows from bank borrowings and other liabilities, as well as the effect of foreign exchange rate changes on cash

	At 30 Jun 2021	Change	At 30 Sept 2021
LTM EBITDA <sup>4)</sup>	€165.8	+€41.4 / +25.0%	€207.2
Q3 Operating cash flow <sup>5)</sup>	€26.6	-€22.9 / -86.1%	€3.7
Gross debt <sup>6)</sup>	€568.1	+€114.7 / +20.2%	€682.8
Cash on hand <sup>3)</sup>	€196.6	+€4.0 / +2.1%	€200.7
Net debt	€371.4	+€110.7 / +29.8%	€482.1
Net leverage	x2.24	+x0.09	x2.33

3) Cash on hand of €154.6m at YE'20 increased by €26.8m 9M cash flow and €19.3m cash and cash equivalents incorporated from Befesa Holdings US Inc., ending at €200.7m total cash on hand

4) LTM Q3 2021 EBITDA adjusted for €8.1m non-recurring AZR acquisition-related costs and c. €30m AZR's LTM EBITDA

5) Includes AZR's operating cash flows since closing of the acquisition on 17 Aug 2021

6) €682.8m gross debt at 30 Sept 2021 includes €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans